Daily Report

Central Eurasia

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FBIS-SOV-95-156 *14 August 1995*

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Groznyy Negotiations 11-14 Aug

Romanov, Maskhadov Reach Disarmament Accord

LD1408085095 Moscow ITAR-TASS in English 0835 GMT 14 Aug 95

[By Tamara Zamyatina and Nikolay Kalintsev]

[FBIS Transcribed Text] GROZNYY, August 14 (ITAR-TASS) — Russian and Chechen commanders on Monday reached an accord concerning a Moscow-proposed plan for the disarmament of illegal armed formations in the republic.

A meeting between commander of federal troops in Chechnya, Lieut. Gen. Anatoliy Romanov, and chief-of-staff of Dzhokhar Dudayev's forces Aslan Maskhadov lasted about 30 minutes and ended at 11:30 (7:00 GMT) today.

It has been decided that four groups of representatives from federal troops and Chechen formations will leave for Chechen settlements to carry out measures on practical implementation of the military accord and disarmament of illegal formations.

Before the meeting, generals Romanov and Maskhadov exchanged a friendly hug greeting each other. Both smiled.

Chechens Accuse Russians of Violating Agreements

LD1108120195 Moscow ITAR-TASS World Service in Russian 1057 GMT 11 Aug 95

[By Tamara Zamyatina, Nikolay Kalintsev, and Sharip Asuyev]

[FBIS Translated Text] Groznyy, 11 Aug (ITAR-TASS) — Khozh-Akhmed Yarikhanov, head of the Chechen delegation, has accused the Russian side of grossly violating agreements reached at the talks in Groznyy. At an impromptu news conference at the OSCE mission, he said the Chechen experts have again been stopped at the checkpoint near the village of Roshni-Chu, despite yesterday's assurances by the representatives of the federal forces that this would never happen again.

"Apart from that, the Russian side is disrupting the implementation of several points of the agreement, in particular the exchange of persons detained by force on the "all for all" principle, Yarikhanov said. According to him, the "Chechen side has irrefutable information that the Russian side is using the negotiating process to regroup forces and prepare a large-scale offensive along the whole front line."

The official statement read out by the head of the Chechen delegation also says that the "Russian side is deliberately disrupting the implementation of the reached agreement and progress in the negotiating process and is fully responsible for possible consequences."

It was said at the news conference that the work of the group of experts on political problems has been suspended today. Khozh-Akhmed Yarikhanov expressed the hope that the experts will continue work as usual tomorrow. He said the special supervision commission on the implementation of the agreement on a package of military issues is continuing its work.

Chechen Negotiator: Russian Forces Provoking Unrest

LD1108180795 Moscow INTERFAX in English 1502 GMT 11 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 11 (INTERFAX) — Certain forces in Russia "are making moves to provoke inter-Chechen clashes," Akhyad Idigov, a Chechen negotiator in Groznyy, told INTERFAX Friday.

Meanwhile, he said that "members of the Chechen delegation are hearing accusations on the part of militants and field commanders to the effect that they agree to unjustified concessions at the talks in Grozny."

Idigov said that the Russian side "initially did not want to fulfil the military agreement", because the troops are not being pulled out from the republic, he said. "Fresh units continue to arrive in Chechnya," he said.

Nevertheless, he said, the Chechen side "intends to continue the talks."

Russia Accused of Violating Military Agreement

LD1108183495 Moscow Radio Rossii Network in Russian 1700 GMT 11 Aug 95

[FBIS Translated Text] Khozh-Akhmed Yarikhanov, head of Dudayev's delegation at the talks for settling the conflict in Chechnya, has accused the Russian side of violating the agreement on military issues. Talking today at the gates of the OSCE mission he said that the Chechen delegation was detained at the block-post near the village of Roshni-Chu.

Besides that, according to him, Chechens are still being taken hostage. Yarikhanov also accused the Russian side of shelling settlements.

The group of Chechen experts held up by the Russian troops today was not able to reach Groznyy, and so the consultations of the experts' groups have been postponed until tomorrow.

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Khadzhiyev Calls on Dudayev To Join Forces

MK1208132095 Moscow SEGODNYA in Russian 12 Aug 95 p 1

[Report by Mariya Eysmont under the "Chechnya" rubric: "Salambek Khadzhiyev Is Going To Strike Up an Alliance with the Dudayevites"]

[FBIS Translated Excerpt] [passage omitted] Salambek Khadzhiyev, chairman of the National Revival Government, has made a sensational statement, saying he has decided to side with a delegation of Dudayev loyalists to decide on political matters. "As regards Chechen sovereignty, we have no differences with the representatives of Dudayev," he said in an interview with INTERFAX. Moreover, the National Revival Government has provided the delegation of Dudayev's loyalists with a residence in Groznyy, to which they are due to move next week.

Khadzhiyev's people have already ventured to stage a confrontation with the Russian delegation. Arkadiy Volskiy admitted in an interview with your SEGODNYA correspondent two weeks ago that the Russian delegation had found an unexpected opponent in the person of Khadzhiyev. Mr. Khadzhiyev himself has long been officially expressing disagreement with the Russian stance on a number of issues. It is for the first time, however, that he has openly invited Dudayev's loyalists to form a coalition. There are two plausible explanations for this move. First, in connection with the upcoming withdrawal of Russian troops from Chechnya in the near future, the former opposition — fearful of the Dudayevites's revenge — decided "to appease" them somewhat. Second, Khadzhiyev has sensed a change in Russia's attitude to the current Groznyy government and, taking offense at that, decided to do something to spite the Russian delegation. [passage omitted]

Groznyy Peace Talks Resume at 'Experts' Level

LD1208084095 Moscow ITAR-TASS World Service in Russian 0734 GMT 12 Aug 95

[By Tamara Zamyatina, Nikolay Kalintsev, and Sharip Asuyev]

[FBIS Translated Text] Groznyy, 12 Aug (ITAR-TASS) — The talks on a peaceful settlement of the Chechen crisis at the level of experts and individual members of the official delegations resumed at about 1000 today at the OSCE building in Groznyy. Anatoliy Romanov, commander of the joint group of federal troops in Chechnya, told journalists prior to the talks that at their meeting today the cochairmen of the special monitoring commission for the implementation of the military agreements will determine the procedure for further work with field commanders and decide on issues which should be discussed by the official delegations, including approval of the provisions on the special monitoring commission and self-defense detachments.

Assessing the current situation in the republic, Romanov described it as "not dual power but confrontation of two political camps trying to seize the power structures, namely to take power." He said that an accord was reached with the Chechen side yesterday that "in areas with no homogeneous political structure but with opposition it is necessary to work with caution so as not to provoke a civil war."

Federal Command Rejects Chechen Accusations

LD1208141895 Moscow ITAR-TASS World Service in Russian 1218 GMT 12 Aug 95

[By Tamara Zamyatina and Nikolay Kalintsev]

[FBIS Translated Text] Groznyy, 12 Aug (ITAR-TASS) — The command of the joint group of federal troops in Chechnya issued a statement today describing as "false and tendentious" accusations put forward by the Chechen side at the talks.

With regard to claims of the allegedly unjustified detention of experts of the Chechen delegation at Russian checkpoints, the statement says that "each member of the delegation has the right to come to the talks accompanied by not more than two bodyguards." Moreover, bodyguards should carry no grenade-launchers, flamethrowers or sub-machine-guns. This rule is being constantly abused by the Chechen delegation.

The statement also clarifies the issue of detention of civilians in Chechnya. Thus, four civilians armed with two machine-guns, a sub-machine-gun, a pistol, eight F-1 grenades, and knives were detained on 10 August.

"By continuing to insist vehemently that only seven federal servicemen are being held by the Chechen side, the Chechen delegation is, in effect, acknowledging its powerlessness to insure that a vital item in the agreement on the block of military questions is carried out — the exchange of persons forcibly detained," the statement says.

The Russian side categorically rejects accusations that it has shelled inhabited localities. At the same time, despite the accord reached earlier, all kinds of guns are being used to fire on the positions of federal troops. "During the period from 30 July to 12 August inclusive, the federal troops were fired on 201 times, as a result of which 10 servicemen were killed and 37 were wounded or maimed," the official statement of the command of the combined grouping of the federal forces in Chechnya emphasizes.

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For its part, the command of the federal forces informed the leaders of the Chechen armed groups and the heads of the OSCE mission in Groznyy that "it will not allow further escalation of the use of force by the illegal armed groups, and the appearance in populated areas of Chechnya of armed individuals who do not have the right to keep or carry arms will be treated as an open provocation."

In connection with this, the federal command will have to take measures to detain, disarm, and to halt further activity by such people in order to protect the population of the republic. This is in accordance with the laws of the Russian Federation.

The regrouping being carried out by the federal forces which the Chechen side referred to in its statement "is in strict accordance with the agreement on withdrawing military formations from the two-to-four km line of confrontation, about which members of the special observer commission and of the OSCE mission were informed in advance".

"The tactic the Chechen side is using of drawing out the talks under the pretext of settling 'disputed' issues shows that they are trying to break the adopted agreement and to slow down the work of the special observer commission. This represents direct pressure on the Russian delegation and is regarded as a provocation," the statement said.

If this style of conducting the talks continues, the federal command in Chechnya regards the Chechen side as responsible for the consequences.

Mikhaylov, Kulikov, Yarikhanov Comment on Talks

LD1308213795 Moscow Russian Public Television First Channel Network in Russian 1800 GMT 13 Aug 95

[From the "Sunday" program]

[FBIS Translated Text] We have just received a reportage from our special correspondents in Groznyy. It seems that the Russian-Chechen talks have reached an impasse.

[Begin recording] [video shows talks in progress] [Correspondent] The Russian side has presented to the Chechen side copies of two documents — a decree from Dudayev and the State Council for Defense of the Republic of Ichkeria [Chechnya] that virtually disavow the agreement reached two weeks ago on the military block of questions.

[V. Mikhaylov, head of the Russian delegation at the talks, Russian minister for nationalities affairs] We noted that we consider it inappropriate to hold consultations on the block of political questions until real steps are taken toward disarmament. If no such steps are taken, we will consider this as a renunciation of this agreement.

[Correspondent] Federal forces have been fired upon over 200 times; 10 people have been killed. There have been 12 cases of mining. Some of the illegal armed formations have returned to the villages with their weapons, which is contrary to the agreement.

[A. Kulikov, member of the Russian delegation at the talks, Russian internal affairs minister] We have prepared specific plans and provisions from the special observers' commission. These documents virtually fully implement the possibility of disarmament, the fulfillment of the agreement. If common sense prevails over the ambitions of Dudayev and the small grouping around him, then there is still hope of ending this war. However, if common sense does not prevail over these ambitions then, most unfortunately, we will have to use force to implement this agreement.

[Correspondent] Tomorrow we expect to hear the reply from the Chechen delegation to the complaints from the Russian side that also relate to questions of ending combat actions, the exchange of prisoners, and the setting up armed formations in the form of self-defense units.

[Khoz-Akhmed Yarikhanov, head of the Chechen delegation] First, the Russian side is proposing to halt consultations on the block of political questions and, second, the Russian side is proposing to set up self-defense units only in those populated areas where they have not yet set up internal affairs bodies. That is, only in those populated areas that are controlled by our side. This is clearly a departure from the agreement that was adopted, because the agreement says that self-defense units should be set up in all populated areas.

We have received the statement of the Russian side and tomorrow we will prepare a statement in written form. So, we will respond. [end recording]

Yeltsin Chairs Meeting on Chechen Settlement

LD1408112395 Moscow INTERFAX in English 0954 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (INTERFAX) — A meeting chaired by Russian President Boris Yeltsin in Kremlin today is focusing on all aspects of Chechen settlement, presidential press secretary Sergey Medvedev told INTERFAX.

The meeting is being attended by Russian Prime Minister Viktor Chernomyrdin, Interior Minister Anatoliy

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Kulikov, head of the Russian delegation to the Groznyy talks and Minister for Affairs of Nationalities Vyacheslav Mikhaylov and head of the Territorial Department of Russian Federal Executive Power bodies in Chechnya Nikolay Semyonov.

In the opinion of well-informed Kremlin sources, the reason for this meeting is the recently deteriorated situation in Chechnya. The Russian authorities are alarmed and concerned with the unsatisfactory rates and scale of disarmament of the illegal armed units, which endangers the fulfillment of military agreements signed in Groznyy on July 30.

In the words of an INTERFAX source who spoke on condition of anonymity, the meeting may result in a final decision on nomination of a personal representative of the Russian President in Chechnya. He said that "Boris Yeltsin is most likely to nominate Secretary of the Russian Security Council Oleg Lobov."

The traditional working meeting of the President and the Prime Minister will be held on August 14 instead of August 15 right upon the completion of the current meeting, sources told INTERFAX.

Yeltsin Letter Gives Motives For Rejecting Chechen Law

LD1408102095 Moscow ITAR-TASS in English 1006 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — President Boris Yeltsin today turned down the Federal Law "On Provisional Measures for the Political Settlement of the Crisis in the Chechen Republic."

The law was passed by the State Duma lower house of parliament on July 12, 1995.

The President notified the parliament of his motives for the rejection of the law in a letter addressed to Duma chairman Ivan Rybkin, the presidential press service announced today.

The letter says:

"Pursuant to part 3 of Article 107 of the Constitution of the Russian Federation, I turn down the Federal Law "On Provisional Measures for the Political Settlement of the Crisis in the Chechen Republic" promulgated by the State Duma of the Federal Assembly on July 12, 1995.

"Some standards of the Federal Law contradict the Constitution of the Russian Federation. The very concept of the Federal Law is unacceptable as, in keeping with it, the Federal Assembly interferes with the constitutional powers of the President and the federal bodies of the executive power.

The reference in the preamble of the Federal Law to Articles 80 and 114 of the Constitution of the Russian Federation means that the Federal Assembly appropriates some powers vested by the Constitution of the Russian Federation in the President of the Russian Federation and the Government of the Russian Federation and violates the principle of separation of powers laid down in Article 10 of the Constitution of the Russian Federation.

"Provisions of Articles 1, 2, 3 and 4 of the Federal Law, which call for the formation of a presidential commission for the settlement of the crisis in the Chechen Republic, as well as the definition of its main tasks and composition, fails to conform not only to the Constitutional principle of separation of powers but also to provisions of Articles 80, 85 and 90 of the Constitution of the Russian Federation, under which the President of the Russian Federation independently determines the organisational and legal forms of ensuring the concerted functioning and interaction of the bodies of state authority, and the composition of bodies authorised to act for the purpose.

"Article 2 of the Federal Law, in contravention of the same Constitutional principle, lays down a provision on the mandatory inclusion in the composition of the Commission under the President of the Russian Federation of representatives of the houses of the Federal Assembly, Supreme Court of the Russian Federation, the Central Bank of the Russian Federation, the Office of the Procurator-General of the Russian Federation and the Central Election Commission of the Russian Federation. They are unlawfully vested with the performance of the Commission's main tasks as formulated in Article 3 of the Federal Law and are a prerogative of the bodies of the executive power since these tasks transcend the framework of authority and sphere of activity of the above bodies of state authority as laid down in the Constitution of the Russian Federation. "The provision of Part 2 of Article 5 of the Federal Law, which prescribes the withdrawal from the territory of the Chechen Republic of the units of the Armed Forces of the Russian Federation, with the exception of the units and formations for which the territory of the Chechen Republic is assigned as the place of permanent deployment, contradicts provisions of Article 10, 70 and 78 (part 4), 80 (part 2), 87 (part 1) and 90 (part 1) of the Constitution of the Russian Federation, the Law of the Russian Federation "On Defence" (Articles 14 and 17), and the Law of the Russian Federation "On Security" (Articles 10 and 11) because the solution of these problems falls within the competence of the President of the Russian Federation, including in his capacity as Commander-in-Chief of the Armed Forces of the Russian Federation.

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"Article 7 of the Federal Law under consideration duplicates the provisions of the Federal Law "On the extension of the effect of the law of the Russian Federation "Concerning additional guarantees and compensation to the servicemen on active duty on territories of the states of the Trans-Caucasus, Baltics and the republic of Tajikistan, as well as on assignment in conditions of the state of emergency and armed conflicts" to the servicemen, including privates and commanders, cadets and students at the educational establishments of the Ministry of Internal Affairs of the Russian Federation, who did or are doing their duty in conditions of the armed conflict in the Chechen Republic."

"The provision of the Federal Law that vests supervision over the spending of the federal budget resources allocated for the restoration work in the Chechen Republic in the Accounting Chambers of the Russian Federation (Article 6 of the Federal Law) cannot be a subject of regulation by the given Federal Law.

"The term of the termination of the effect of the Federal Law, as formulated in Article 8 and connected with the adoption of the Constitution of the Chechen Republic, is juridically incorrect because it introduces uncertainty in the respective legal force of the Federal Law and the Constitution of the Chechen Republic.

[Signed] Boris Yeltsin."

Russians Insist on Full POW Exchange With Chechens

LD1108125995 Moscow INTERFAX in English 0952 GMT 11 Aug 95

[FBIS Transcribed Text] STAVROPOL, Aug 11 (INTERFAX) — Russian Interior Minister Colonel-General Anatoliy Kulikov left Stavropol for Groznyy this morning.

"All members of the Russian governmental delegation to Chechen settlement talks will meet in Groznyy today to discuss the Dudayev demand to preserve the illegal armed units he controls. This demand has not been voiced before," the Minister told INTERFAX before his departure. In the opinion of Kulikov, this demand of Dudayev may complicate the negotiations.

In the words of the Minister, until now the major obstacle in fulfillment of the peace agreement has been the refusal of pro-Dudayev groups and some field commanders to abide by the first two paragraphs of the military agreement — mutual submission of full lists of POWs and their exchange on the "all for all" principle.

"We are determined to achieve the fulfillment of the agreements, primarily these paragraphs, but think we do not have to fulfill other obligations till the Chechen side meets the aforesaid demands," said Kulikov.

Romanov Denies Unwillingness To Exchange POWs

LD1108132595 Moscow ITAR-TASS World Service in Russian 1220 GMT 11 Aug 95

[By Tamara Zamyatina and Nikolay Kalintsev]

[FBIS Translated Text] Groznyy, 11 Aug (ITAR-TASS) — Lieutenant-General Anatoliy Romanov, commander of the joint group of federal troops in Chechnya, described as "purely emotional" today's accusations by the Chechen side that Russia is preparing a wide-scale offensive. "I have taken a commitment to unilaterally withdraw Russian troops from settlements. This explains the redeployment [of troops]," he said in an interview with ITAR-TASS correspondents. The general noted that apart from this the special monitoring commission supervising the implementation of agreements on a package of military issues decided at its meeting today to extend by another week the date for the presentation of the full list of Russian POW's. This shows the worth of the remark by the Chechen side today that Russia is unwilling to exchange POW's on the principle all-for-all.

"The issues brought forward today by the Chechen delegation in their statement have been dealt with through compromises," Romanov said. "At the same time, we, together with Aslan Maskhadov, have concluded that only the heads of the two delegations are entitled to give the final answer to the problem put forward by the Chechen party," the general said. Romanov described the problems of the make-up of a special commission for monitoring implementation of the agreement on the block of military issues, the plans for implementing this agreement and, most important, the problem of attitude toward power as the contentious issues to be resolved by the heads of delegations.

"We, together with Aslan Maskhadov, concluded today that the agreement may be implemented only in regions which are free from political confrontation. These regions amount to 30-40 percent of Chechen territory. As for the regions where there is confrontation, we risk triggering an internal conflict there," Romanov said in conclusion.

Refutes Rumors About Offensive

LD1108145095 Moscow INTERFAX in English 1310 GMT 11 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 11 (INTERFAX) — Commander of the federal troops in Chechnya Lieutenant-General Anatoliy Romanov told INTERFAX

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Friday that the questions of federal troops' relocation raised by the Chechen side "have been settled and the meeting's participants are satisfied with the answers."

The Chechen side claims that the federal troops are being relocated during the negotiations to get ready for a major offensive were described by Romanov as "emotional." "After they listened to our explanation on the regrouping aims, the question was settled," said Romanov.

In his words, the troops are being regrouped for withdrawal from populated localities and concentration in certain areas. He said this is being done to raise confidence.

Romanov told INTERFAX that head of the Russian governmental delegation Vyacheslav Mikhaylov, who arrived in Groznyy Friday, will get involved in negotiations after all members of the delegation gather in Groznyy. In the words of the lieutenant-general, this will happen in the near future.

Plan for Chechen, Federal Forces Viewed

MK1208133095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 12 Aug 95 pp 1-2

[Report from Groznyy by Yuliya Kalinina: "Chechens and Russians Disarming Bandits Together? They Have the Same Dreams in Moscow and in Groznyy"]

[FBIS Translated Text] On paper, the plan for disarming Chechen fighters looks as follows: Representatives of the Joint Oversight Commission arrive in a village, a general meeting of villagers is called, which elects the head of the local administration — an authoritative person who remained neutral during the conflict. Then the meeting elects 25 people from among local residents to form a self-defense detachment. The detachment itself elects its commander, who becomes the village commandant.

Clearly, in an overwhelming majority of cases the self-defense detachment will be made up of volunteer fighters who defended the village during the war, for experience is what matters in this business.

Then the surrendering of arms begins. Local residents are required to give up weapons they are supposed to have according to some lists. What lists these are is unclear, but the Chechens say that the lists were compiled by Russian counterintelligence officers. If a weapon's owner bought it using his own money, he will be paid for it.

This also raises a host of questions: How can one establish whether or not he bought it — and if he did, at what price?

Out of the whole arsenal of surrendered weapons, 25 submachine-guns (and, possibly, a machine-gun and a grenade launcher) will be allocated to the self-defense detachment. The rest will be transported to the rayon's capital and stored at a guarded "self-defense" depot. In theory, guns and armored hardware are to be destroyed.

The village itself will house a commandant's headquarters of the self-defense detachment. Federal troop units will be deployed next to the village. Representatives of the two sides will be free to visit each other to check how things stand with their counterparts. Checkpoints will be set up at the entrances to the village. Joint patrols are possible in principle, but the checkpoints that have currently sprung up in a few southern villages are fully Chechen. In Novyye Agaty and Iri-Yurt, for instance, the checkpoint is adorned with a green flag and an inscription saying "Military Hardware Barred From Entry."

It is expected that if an illegal armed formation attacks a village, the self-defense detachment will repulse it together with federal troops. What a sight this must be!

Representatives of the Chechen side think this plan to be fully realistic. Moreover, they assert that if the process is set in motion, they will manage to do what they have been unable to accomplish for the past two years, namely, to disarm numerous illegal armed gangs that have been terrorizing the republic. "We would have been unable to do so on our own, but together with the federal troops we will beat them."

There you go. Now it turns out that the only thing both sides wanted was to disarm illegal armed formations, for which purpose they kept killing each other.

The first stage of the disarmament plan — a village meeting and elections — has only been completed in Zandag. Presently, an educational effort is being launched: Representatives of the Joint Oversight Commission are touring the republic's villages, explaining to local residents what will be done regarding their disarming and how.

Frankly speaking, the Chechens, to whom no one has explained what's what, have so far had no intention of giving up their submachine-guns. They cite the following reasons: First, this is a good, expensive commodity, an investment of sorts. Second, they know in Chechnya that wars tend to break out easily and unexpectedly, so if you want to survive you have to be constantly combat ready. As a matter of fact, the restoration of private houses and the construction of new ones invariably starts from the basement. It is built with particular care: About one and a half stories deep, equipped with an electric engine, an oven, and so forth.

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Despite such pessimistic sentiments among ordinary citizens, the "Dudayevite" leadership is certain that the massive disarming of the people will finally take place. That the war has ended is considered a fait accompli, while no particular attention is being paid to Dudayev's bellicose statements. A representative of the Chechen side in the talks would not even comment on them at any length. It seems that differences in the Dudayevites' camp, if any, are fully routine, typical of any collective undertaking.

Speaking about independence, Dudayev's representatives demonstrate their readiness to go to fairly considerable lengths to reach a compromise: The deployment of Russian troops in Chechnya, the joint protection of borders, the ruble as legal tender, the payment of all requisite taxes. They are adamant only with regard to one thing: The Chechen Constitution should take precedence over that of Russia.

Interior Minister Insists On Chechen Disarmament

LD1208165495 Moscow ITAR-TASS World Service in Russian 1615 GMT 12 Aug 95

[By Tamara Zamyatina and Nikolay Kalintsev]

[FBIS Translated Text] Groznyy, 12 Aug (ITAR-TASS) — "If the Chechen side continues to insist that the "regular army of the Republic of Ichkeria will not lay down its weapons, we will continue to disarm the illegal armed formations by force." This was the statement made by Russian Interior Minister Anatoliy Kulikov in an exclusive interview with ITAR-TASS upon his arrival in Groznyy today.

As for the self-defense detachments which are trying to seize power in some areas, Kulikov said there would be no such detachments in the areas where the Interior Ministry bodies are operating.

To a question from an ITAR-TASS correspondent whether the deadline for the Chechen side to provide the full list of the Russian POWs will be extended, the Russian interior minister replied: "This will depend on whether the reasons for why the Chechen side has not yet provided this list are convincing enough."

Anatoliy Kulikov said that all these problems would be discussed during the meeting with the Chechen delegation tomorrow. At the meeting the "mechanism of the implementation of the agreement on a package of military issues will be finalized."

Dudayev Says Forces 'Not To Be Disarmed'

LD1308084995 Moscow Radio Rossii Network in Russian 0800 GMT 13 Aug 95

[FBIS Translated Text] According to a report by the press office of the Russian Interior Ministry troops, Dzhokhar Dudayev recently issued a secret decree which says that the armed forces of the Chechen Republic of Ichkeria are not to be disarmed.

Anatoliy Romanov, commander of the united grouping of federal forces in Chechnya, said the decree is torpedoing the disarmament process and that issuing such decrees is a deliberate attempt to push Russia toward using force.

According to the press office of the Russian Interior Ministry troops, Dudayev's decree promises special passports to those who are cooperating with Dudayev and his regime. These passports will make a distinction between them and other Chechen citizens. They will also mean numerous financial privileges.

Russian Delegation Insists on Disarmament

LD1308111595 Moscow ITAR-TASS World Service in Russian 1044 GMT 13 Aug 95

[By Tamara Zamyatina, Nikolay Kalintsev, and Sharip Asuyev]

[FBIS Translated Text] Groznyy, 13 Aug (ITAR-TASS) — "The Russian delegation today clearly told the Chechen side its demands on the need to disarm illegal formations proceeding from the agreement on a block of military issues," Vyacheslav Mikhaylov, Russia's minister for Nationalities Affairs and the head of the Russian delegation at the Groznyy talks, told ITAR-TASS this morning after a meeting between the Russian and Chechen delegations.

Anatoliy Romanov, commander of Russia's joint group of troops in Chechnya, said that "both delegations have agreed not to disclose any details to the press for the time being."

General Doubts Chechens Will Hand in Weapons

LD1308135995 Moscow INTERFAX in English 1223 GMT 13 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 13 (INTERFAX) — The commander of the rapid-reaction combined unit under the Russian Interior Ministry's Main Department for Fight against Organized Crime, Major-General Aleksandr Kolesnikov has said he doubts that the Chechen population may hand over arms even for money.

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Kolesnikov told Interfax today that the sum offered for arms, from 150,000 to 300,000 rubles per item, was "ridiculous."

Kolesnikov said the situation in Chechnya was remaining complicated because the militants, who returned from mountains to their villages, "are trying to influence the legitimate authorities by force, intimidation and blackmail." He added that over 300 militants were not subordinate to the Chechen military command.

Kolesnikov said that since the beginning of July his unit had carried out about 70 military operations, including 30 operations together with interior troops. He said all these operations were successful and no casualties had been registered among the unit's servicemen. The unit destroyed seven ammunition depots, seized 530 artillery shells, 12 mines, 222 grenades, 39 kilograms of explosive substances and over 60 items of arms.

The unit also detained 24 militants, some of whom were exchanged for Russian servicemen held by Chechnya, after these militants' non-participation in serious crimes was proved.

Moscow Confirms Commitment to Military Accord

LD1308161895 Moscow ITAR-TASS in English 1549 GMT 13 Aug 95

[By Sharip Asuyev, Tamara Zamyatina, and Nikolay Kalintsev]

[FBIS Transcribed Text] GROZNYY, August 13 (ITAR-TASS) — Russia will continue to observe the military agreement with Chechnya even if the latter violates it, a Russian top official said.

"If the implementation of the military agreement continues to be disrupted, the Russian side will implement it on a unilateral basis," Vyacheslav Mikhaylov, head of the Russian delegation to the talks with Chechnya, said at a news conference in Groznyy on Sunday.

Asked to elaborate what the words "on a unilateral basis" mean, Russian Interior Minister Anatoliy Kulikov said "we will have to implement the agreement by using force and if militants go into offensive, we will destroy them."

Mikhaylov produced evidence of "egregious violations of the letter and spirit" of the military accord by the Chechen side — a decision by Chechnya's State Defence Council of July 31, 1995 and Chechen separatist leader Dzhokhar Dudayev's decree of August 2, 1995.

Both documents, the authenticity of which has been confirmed by the Chechen side, basically revise one of the main provisions of the military agreement on disarmament of illegal armed formations.

At the same time, Mikhaylov and Kulikov expressed the confidence that "the idea of peace is shared by the majority of Chechen people."

Anatoliy Romanov, commander of the Russian troops in Chechnya, told ITAR-TASS that Chechen military chief Aslan Maskhadov was presented on Sunday with a plan of disarmament of illegal armed groups and a document concerning the activity of a special observer commission set up to ensure the implementation of the military agreement.

Kulikov stressed that "we are not closing the road for the implementation of the agreement."

The Chechen delegation said it would respond on Monday, August 14.

Chechnya Standoff Viewed With Skepticism

MM1108161095 Moscow KRASNAYA ZVEZDA in Russian 11 Aug 95 p 1

[Commentary by Aleksandr Andryushkov and Sergey Prokopenko: "Shooting Has Become Less Frequent in Chechnya. But the Situation There Continues To Arouse Great Concern"]

[FBIS Translated Text] ...They were getting closer to each other like trains on a single track: the paratroop officer and the young man, armed to the teeth, with a green band around his head, from among the bodyguards of Dudayev's representative at the talks. It was clear that they could not get past each other on the narrow path between trading stalls in Groznyy — one would have to let the other past. The bazaar chatter gave way to a silence. The two armed men, brushing past each other, went their separate ways. Sullen and tense. A sigh of relief swept through the market....

A cavalcade of vehicles with green banners goes past the Russian blockhouse at the approaches to Groznyy — these are the participants in the talks and their bodyguards. Whistling and hooting can be heard from the vehicles. Suddenly, one of the more heated "children of the mountains" fires into the air. A Russian soldier at the post just spits in the roadside dust. On the armor plating of an infantry fighting vehicle standing nearby we read: "Do not shoot, fool, I'm expected at home!"....

These are pictures from life, so to speak, which we saw in Groznyy. This, and a great deal besides which we managed to observe, does not tie up with the enthusiastic assessments which some people are making about the results of the round of talks just ended in Groznyy between the Russian and Chechen delegations. Here in Chechnya they are being assessed differently. The overwhelming majority of officers and men from the joint

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grouping of Russian troops have a distrustful attitude toward them. Particularly since firing at our posts is continuing. The Chechens themselves are not unanimous in their assessments either. A certain section of the population assesses the results of the talks as a victory for Dudayev and his supporters. They are celebrating because of it. Some, including Ibragim Suleymenov, military commissar of the Chechen Republic, believes that "we should not have sat down at the negotiating table with those bandits." Dudaeyev's regime, in his opinion, has strengthened its grip on power as a result of the falsification of election results. However, there are also plenty of hardliners acting on the principle of "beat those who are white until they turn red, and beat those who are red until they turn white." Orders and agreements are no law to them.

All this is a litmus test of the disposition of political forces in Chechnya today. This should be taken into account, particularly on the threshold of the elections scheduled in the republic.

On the one hand, Dudayev and his supporters may have a thoroughly tarnished reputation, but they still enjoy the support of a significant section of the population. Admittedly there is no unity in their camp. As Aslan Maskhalov, chief of the main staff of Dudayev's formations, admitted, he is not in control of the situation in Bamut, Orekhovo, Borzoy, Staryy Achkhoy, Vedeno, and other areas... or in Groznyy.

On the other hand, there is the presence of the fairly influential opposition in the person of Avturkhanov and Labazanov, who enjoy a certain amount of support in the republic and have a substantial force at their disposal in the form of their supporters. And after all, not many people know today that the opposition supporters are still suffering the same losses as the federal troops.

Solambek Khadzhiyev's current government of national accord should not be discounted either.

The local "KGB man," Abu Movsayev, who recently returned to Shali with the green flag of "independent Ichkeria" and declared the city the new capital, no less, should also be taken into consideration.

Many observers are inclined to believe that it is among these groupings that the main struggle for power will be unleashed in the coming elections. And by and large, in our view, it is specifically in the light of the coming elections that everything that is currently going on in Chechnya, including the implementation of the concluded agreement on the military block of questions, should be assessed.

Take, for instance, the aspects of a phased withdrawal of the troops and the handing over of weapons by the illegal armed formations. According to the letter of the agreement, they are directly dependent on each other. It cannot be ruled out that some weapons will be handed over in some places. But all the indications are that we should not count on this assuming a sweeping character. A large proportion of the weapons will remain, according to the forecasts of certain observers. The Chechen side will drag out this process in every way it can, pinning its hopes on pure propaganda action. After all, weapons are a fairly weighty argument in the struggle for power between clans. Hence you can easily assume that a phased withdrawal of the Russian troops will correspondingly be put off indefinitely.

The upcoming withdrawal of troops, incidentally, is also being greeted in various ways in Chechnya itself. It is obvious that it is primarily the Dudayev side that is insisting on it. However, we came to realize both in Groznyy and in other areas that ordinary workers are opposed, actually opposed, to the withdrawal of the Russian solders, who, in their opinion, are the only guarantors of stability and peace. There are many examples of this. Thus, local inhabitants turned to Lieutenant Colonel Arkadiy Yegorov, chief of a Seventh Paratroops Division task force, asking him to ensure security during the harvest. The paratroops carried out the request, detaining a group of marauders at the same time.

In the presence of our troops, even the local self-government authority feels more confidence and does not worry about warding off gunmen. Which is what happened in Staryye Atagi, for example. Humanitarian aid arrived in the village. When the inhabitants started distributing it, the local gunmen who had also appeared demanded "their" share. The gathering resolved not to give anything to Dudayev's men, arguing that if they wanted to wage war they could go to the hills. It ended in a brawl. The gunmen fired into the air and left. The local inhabitants assured representatives of the federal troops of their determination not to let the gunmen into the settlement.

So agreements promise peace. But people are naturally more interested in specific steps toward the implementation of what has been agreed, rather than signatures on documents. And much more has to be done here than has been done already.

Former Chechen-Ingush Official on Crisis Solution

LD1308162795 Moscow INTERFAX in English 1504 GMT 13 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 13 (INTERFAX) — Former chairman of the Chechen-Ingush Supreme Soviet Doku Zavgayev has said that national

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consolidation is the only way out of the present crisis in Chechnya.

'Mutual accusations related to the tragedy, shifting off the responsibility on to each other, irreconcilability and the thirst for blood not only exacerbate the tragedy but may lead to a complete collapse of the nation," Zavgayev said in a statement made known in Groznyy today.

Zavgayev said he considered the implementation of the military agreement, signed on July 30 by the Russian government's delegation and Dzhokhar Dudayev's supporters, as an important move for reaching peace and calm in Chechnya.

Zavgayev said he was against struggling for power in Chechnya given that the republic "has been looted or nearly completely destroyed."

U.S. Photographer Reported Missing in Chechnya

LD1108205795

[FBIS Editorial Report] Moscow NTV in Russian at 1800 GMT on 11 August 1995 in a 2-minute roundup of the situation in Chechnya, reports that an NTV correspondent in Groznyy reported that 25-year old American freelance photographer (Andrew Shuman) went missing in Groznyy on 24 July. "On that day," the correspondent said, "he registered at the press center, left his rucksack there, then photographed the OSCE building. Nobody has seen him since. The search has only begun now after a correspondent for the Spanish paper EL PAIS, Rodriguez Fernandas, noticed that his rucksack was still there two weeks later. Fernandas told NTV: "I contacted the U.S. Embassy, and they contacted his relatives, who do not know what has happened to him. We agreed that I would take Andrew's belongings to the embassy in Moscow now. Unfortunately, it looks as if we have to be prepared for the worst."

Military Operations

Chechen Leader Basayev Calls for Peace

LD1308135595 Moscow INTERFAX in English 1223 GMT 13 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 12 (INTERFAX) — Chechen field commander Shamil Basayev, who is in an All-Russian search due to the tragic events in Budennovsk, called to restore peace in Chechnya.

As report our INTERFAX correspondents, speaking at a meeting in a mountainous village of Shaladzhi (40 kilometers to the south-west from Groznyy), Basayev declared that at present it is necessary to reconcile supporters of Dudayev and of the opposition in Chechnya "in order to achieve national accord."

Our correspondents report that there were no appeals for war at the meeting in Shaladzhi which gathered several thousands of people. People who came to the meeting with arms left them in a specially designated place.

Despite the fact that both Dudayev's supporters and his adversaries participated in the meeting, there were on incidents during the meeting.

Interfax correspondents report that Basayev has not expressed any attitude with respect to the Russian-Chechen consultations underway in Groznyy. His short address did not contain any attacks against the actions of the federal forces.

Neither representatives of law enforcement bodies, nor representatives of the government of Chechnya's national revival participated in the meeting.

Our INTERFAX correspondents testify that representatives of illegal armed formations practically from all fronts along the Russian-Chechen confrontation line came to the village which initially demonstrated its opposition mood with respect to Dudayev.

After the meeting in Shaladzhi was concluded there was a ceremony of a sacrifice on occasion of the end of the war in Chechnya.

Interviewed on Peace Prospects

MS1408104495 London THE OBSERVER in English 13 Aug 95 p 20

[Report by Victoria Clark incorporating interview with Chechen warlord Shamil Basayev: "Chechens Prefer Total War to Bad Peace;" place and date not given]

[FBIS Transcribed Text] Groznyy — Chuckling into his bushy beard Shamil Basayev finds the question daft: 'What do you mean? We've won of course — we won this war before it started, because we were right from the start.'

The Chechen who terrified Moscow into serious peace talks by holding several hundred Russians hostage in the southern Russian town of Budyonnovsk two months ago is only confirming the obvious.

The fact that he is still on the loose in a village in southern Chechnya speaks volumes. But you need look no further than outside the venue of the peace talks in Groznyy — being held under the auspices of the Organisation for Security and Co-operation in Europe (OSCE) — to find a scene inconceivable two months ago.

Chechen fighters loiter there all day, guns, grenade launchers and ornate daggers at the ready, in crisp black denim fatigues, snazzy sunglasses and green headbands.

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The rousing strains of patriotic songs drift from the windows of the Chechen delegation's vehicles — a Desert Patrol four-wheel drive, a luxury camper van and a cream Rolls Royce.

In a square nearby, defiant Chechens rally to salute the portraits of their President, Dzhokhar Dudayev, and their new national hero, Basayev, waving their fists and shouting 'Allah Akhbar!' (God is great). Outside Groznyy the Russians are pulling out of the towns and the 'Dudayevtsi' fighters are taking over again, setting up checkpoints.

Russian soldiers watch in glum silence or sunbathe on top of their armoured personnel carriers, too homesick and confused to care.

Asked who has won the war, officers and soldiers alike say now that there have been no winners, only losers. The problem should have been settled by negotiations in the first place, not seven months of all-out war.

'Certainly these negotiation have given Dudayev's side status,' said Sandor Meszaros, the Hungarian diplomat who heads the OSCE team in Groznyy. For them it has answered the question: 'Are we criminals or not?' After six weeks of talks, Meszaros knows the peace is fragile and the ceasefire constantly violated. A two-week-old military accord has yet to take practical effect. Prisoner exchanges, the disarming of the Chechens, the Russian insistence on leaving two brigades in Chechnya, could all prove stumbling blocks leading to a renewal of hostilities.

But the Hungarian diplomat does not believe Russia is serious about hunting down Basayev, although it made Dudayev's signed agreement to co-operate in his capture the main condition for continuing talks. It is difficult to believe the Russians have not pinpointed the village where not only Basayev but the entire Chechen delegation and Dudayev himself appear to be based.

To reach the village, a first contact was made in the melee outside the OSCE headquarters; the go-ahead came two days later. After a quick glance at the miserable Russian soldiers — to check their backs were turned — some journalists were bundled into the back of the Chechen delegation's camper van.

With another day's hard negotiating behind it, the delegation set off for the village and home through the dusk in dazzling triumphal horn-hooting, music-blaring, headlight-blazing progress through villages of fist-waving women and children shouting 'Allah Akhbar!'.

It was past midnight by the time the delegation had finished reporting to the Chechen leadership. Basayev showed up, armed to the teeth with guns he claimed to have taken from dead Russian soldiers, but otherwise casual in a nylon track suit and leather Lenin cap.

He talked for five hours until dawn, to the accompaniment of occasional incoming and outgoing shells.

Terrorist to the Russians, hero to his own people, in the flesh Basayev is a charming and clever young man — only 30 — with a clear if slightly unbalanced mind, a high moral tone and a pungent way with words.

Allah is his inspiration: 'Only Allah is eternal in this world — everything else is mortal. Russia, the last empire, is in its final agony and will soon kick the bucket, thank God, and the world will be able to breathe easier — Inshallah! (God willing)'

He profoundly mistrusts the negotiations, which sets him at the radical end of the Chechen spectrum because the Chechen military commander, Aslan Maskhadov, is determined they should succeed, while Dudayev is sending out contradictory signals, apparently in an effort to keep all his supporters sweet.

For the time being at least, Basayev is no rival to the President. He says he plans to do a little beekeeping, leaving politics to the professionals.

Basayev swears that he has managed to visit Moscow twice since the Budennovsk episode: 'I was in Moscow while everyone was saying I was hiding in Pakistan or Abkhazia,' he laughed. He also swears that he is ready to renew his assault on Russia should the negotiations fail.

'If the fighting starts again I swear to you that Moscow will be destroyed — not one person will be left. I swear we are able and ready to do it and don't say I'm threatening, I'm just warning so if you have any flats there you'd better sell up.'

Pressed on how he would set about destroying the Kremlin, the seat of satanic power as he sees it, he mentions 'sprinkling radioactive sand'. He rejoices in the fact that developments in twentieth-century warfare have hugely improved his chances of succeeding where generations of freedom-fighting ancestors failed.

As chief of the Chechen army's Intelligence and Diversion battalion, he knows how to strike terror in the hearts of his enemy. As dawn broke his threats grew more blood-curdling and the signs of an unbalanced mind more obvious-perhaps understandable in one who has seen 11 members of his family, including six children, killed by a single shell landing on his home.

He describes the emblem of Russia, the two-headed eagle, as the epitome of unnatural evil: 'No living thing

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can survive like that so it has to become a parasite on the blood of other nations.'

The delegation headed out of the village again on Thursday morning, each car stuffed with ammunition being smuggled back into Groznyy, presumably in case of renewed fighting, but perhaps in readiness for taking back the city.

At the first Russian checkpoint it ran into difficulties. For the first time since the talks began Russian soldiers demanded to search each car. With its cargo of ammunition, journalists and outraged Chechen fighters the convoy turned back, and we watched as they unloaded back at the farm.

It was just a temporary setback in a centuries-long struggle which shows few signs of abating. It may indeed end in success for Dudayev and ignominious failure for Moscow's misguided venture, described by the Hungarian OSCE chairman as 'such a focal point of impossible contradictions'.

Forecasting the results of free elections planned for the autumn, the Chechen who drove us back to Groznyy said: 'The majority will vote for Dudayev even if they hated him before — after all the Russians have done here.'

Minister Blames Budennovsk on Police Errors

LD1108182395 Moscow ITAR-TASS in English 1641 GMT 11 Aug 95

[By Nikolay Styazhkin]

[FBIS Transcribed Text] STAVROPOL, August 11 (ITAR-TASS) — The investigation conducted by an ad hoc commission of the Russian Federal Interior Ministry into the causes of the tragedy in Budennovsk has revealed that the Shamil Basayev gang was able to penetrate deep into the Stavropol territory and attack Budennovsk mainly because the leaders and the central staff of the Federal Interior Ministry, the Stavropol regional internal affairs department and police forces, including in Budennovsk had done less than they were obliged to do to protect the population against terrorism and criminals, and acted irresponsibly in carrying out a number of measures dictated by their service duty, according to Russian Interior Minister Anatoliy Kulikov.

The Minister was speaking at a meeting with territorial law enforces and members of the public at the end of his three-day working visit to the Stavropol territory that ended on Thursday.

The Minister said the fact that the local policemen were unarmed when they were attacked by the Basayev gangsters was a graphic example of irresponsibility. He recalled that the local police force had 150 automatic guns at their disposal, but the guns were not actually used when patrolling the place and were kept in storage most of the time with none of the policemen knowing exactly which gun was his to keep and use.

The Minister also said the lessons of the tragedy in Budennovsk prompted an order that has been brought to the notice of all police and interior troops units without exception to provide a specific list of measures aiming to establish the due service order and a schedule for their execution.

Regular work has begun to reinforce the police personnel and improve the day-to-day management of the activity of all the bodies subordinate to the Minister.

In the Stavropol territory, the Minister stressed, the situation remains quite complicated because the war in neighbouring Chechnya is not yet completely over and not all of the provisions of the agreement on military questions signed in Groznyy are being executed as planned.

"When appointing me as Interior Minister, President Boris Yeltsin demanded that the struggle against crime be made more effective, primarily in the field of securing safety of the civilian population and eradicating corruption among the police personnel and at every echelon of power," Minister Kulikov said.

Effects on Chechen Community

Chechens Show Symptoms of Chemical Poisoning

LD1108112695 Moscow Russian Television Network in Russian 1000 GMT 11 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] As part of the international video exchange system we received a film from Worldwide Television News [WTN] today. The sequences shot by our colleagues bear witness to instances of chemical poisoning in a Chechen village. [video shows children and adults with various lesions] In Avturu village, in southern Chechnya, 200 people have been hospitalized with symptoms pointing to chemical poisoning.

Eyewitnesses testified that five out of the village's 15,000 inhabitants developed sores and rash which resemble the after-effects of such chemical substances as chlorine or phosphorus.

[Begin A. Gzovskiy recording, identified by caption as a UN representative] The gas was described as yellow, or yellow-orange in color. Leaves fell. All those who were in the mountains at that time saved themselves by

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putting water-soaked gauze or textile cloths over their noses. [end recording]

[Announcer] Russian doctors are helping the inhabitants in the local clinic and are carrying out tests to find out what type of chemical substance caused such serious skin damage. A nearby storage facility in which chlorine was kept was plundered, but several canisters with this lethal gas are still there.

Local inhabitants told a WTN correspondent that the chemicals were brought here by Russian servicemen. The investigation, which is currently underway, has been made more difficult by the fact that the poisonous substances were used three months ago.

It is so far not known which of the sides is guilty of the poisoning.

No Evidence of Chemical Weapons Found

LD1208200195 Moscow ITAR-TASS in English 1942 GMT 12 Aug 95

[By Tamara Zamyatina and Nikolay Kalintsev]

[FBIS Transcribed Text] GROZNYY, August 12 (ITAR-TASS) — A Russian-Chechen special commission said on Saturday it had not found any evidence that chemical weapons had been used in Chechnya.

The commission which included Russian chemical warfare experts, three Chechen officials and doctors visited the local hospital in the village of Avtury in the Shali district and confirmed reports about an outbreak of skin diseases in the district. Patients develop a rash of abscesses which affect mostly children and partially adult persons.

Doctors say there can be several causes of the disease — poor sanitary conditions caused by the lack of clean water, allergy or general weakening of the immune system, but not chemical weapons.

The commission members stressed the need to form a special medical commission to send to the region to find out the cause of the diseases and provide urgent medical help.

The commission also visited the site where the Chechen side claimed Russian troops had left behind tanks used for chemical agents, but did not find them there. Nor did it find any evidence of the use of defoliants that had allegedly caused trees in the Shali district to shed their leaves.

In an interview with ITAR-TASS, Lieutenant-General Vladimir Shumov, deputy head of the Russian territorial administration in Chechnya, who was also on the commission, said the rumours about the use of chemical agents by federal troops are spread by those who do not want the situation in Chechnya to stabilise.

At the same time, evidence has been obtained that chemical agents were used by Chechen militants. Valeriy Bashkevich, who is in charge of the chemical, radiation and biological warfare service of the Russian troops in Chechnya, told ITAR-TASS that the poisonous gas phosgene was used against one of the Russian military units near of the village of Bamut on the night of July 24. As a result, two servicemen were hospitalised, but others were not affected owing to the prompt measures taken by the unit commanders.

New Medical Centers Under Construction in Groznyy

LD1108165695 Moscow INTERFAX in English 1310 GMT 11 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 11 (INTERFAX) — Large new medical centers are being built in the Chechen capital Groznyy alongside the restoration of medical establishments destroyed during the hostilities. This statement was made by Chechen Public Health Minister Akhmat Saddayev at a Friday news conference in Moscow.

Among these centers, he named a specialized surgical center. "Because many of those injured suffer from purulent diseases, the Chechen Public Health Ministry deemed it necessary to build such a center and the Russian Public Health Ministry backed our initiative," said Saddayev. According to him, the new center will begin to receive patients in September.

The Minister also said a large cardio-rheumatological center will be built. It will be a complex of buildings which will house research and curative blocks. "The question about the construction of such center was raised way back in the 1970s," he said, "now we have started to realize the idea."

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A large center for the treatment of infectious diseases will be also built in Groznyy. "The epidemiological situation in Chechnya has always been difficult. Now it is even more tense because we also need a research and curative center for such diseases," said the Minister.

Among the newly-built medical centers in Chechnya he also named the republic's 800-bed hospital, which has many different departments and is fitted out with latest medical equipment and is very comfortable. It will be built by a Swiss firm on a contract basis.

Asked by INTERFAX how the building of the medical centers will be financed, the Chechen Minister said the money comes from the federal budget. It is part of the allocation earmarked for the Russian public health and construction ministries.

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ITAR-TASS Carries Press Review for 12 Aug

LD1208082095 Moscow ITAR-TASS World Service in Russian 2322 GMT 11 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Translated Text] Moscow, 12 Aug (ITAR-TASS) — Commenting on the events in the Serbian Krajina, KRASNAYA ZVEZDA today stresses that a military victory resulting in the displacement of hundreds of thousands of Serbs cannot bring about peace, "especially since the refugees are going to Bosnia, where the war is continuing. And it is most likely that, having lost out to Croatia, that is where the Serbs will try to exact revenge," the newspaper writes.

KOMSOMOLSKAYA PRAVDA points out that Russian President Boris Yeltsin "has, for the first time in a tough manner, posed the question of lifting sanctions against federal Yugoslavia, threatening that if there is undue delay Russia may take a unilateral step."

The press informs its readers of the second congress of the All- Russian political movement "Russia is Our Home," which will open today. ROSSIYSKAYA GAZETA reports that the congress will set up a federal coordinating committee of the movement.

It is supposed that it will be headed by State Property Committee Chairman Sergey Belyayev. In the opinion of Aleksey Kiva, a prominent political analyst, whose article is published by the newspaper, "Russia Is Our Home" could win 20-25 percent of the electorate under favorable circumstances.

ROSSIYSKIYE VESTI carries an article by its analytical service, expressing the opinion that "Russia Is Our Home" is an artificial structure being created under the old party scheme: congress-political bureau-regional and city organizations.

The press continues to highlight the situation in Chechnya. The trade union newspaper TRUD notes that, despite understandings reached, Dudayev's gunmen continue armed provocations.

The daily summarizes a statement to reporters by Vyacheslav Mikhaylov, head of the Russian government delegation at the talks in Chechnya, which was made in Moscow on Friday before his departure for Groznyy, noting that serious difficulties arose during the implementation of the agreement on the package of military issues.

According to Mikhaylov, the Chechen side has still not submitted a list of illegally detained people and has not handed over a map of mine fields.

ROSSIYSKAYA GAZETA carries an interview with Construction Minister Yefim Basin, claiming that "housing construction is a ring-buoy which helped the Russian construction industry to keep afloat."

While the volume of investments in construction is falling on the whole, although at a slower rate, it has stabilized in housing construction, and even a trend for growth emerged over the past two months.

Under the headline "Let us Return Prestige to People of Labor," RABOCHAYA TRIBUNA prints a letter to Prime Minister Viktor Chernomyrdin by participants in a meeting of Heroes of Socialist Labor.

The letter's authors claim that "it is necessary to return public recognition and prestige to people of labor. Labor achievements should be estimated as high as military feats. Honest and conscientious labor, workers' skills, and the talents of scholars, engineers, and industrial managers should be lauded."

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Kozyrev, Lake Discuss 'Search for Peace' in Balkans

LD1308163695 Moscow ITAR-TASS in English 1605 GMT 13 Aug 95

[FBIS Transcribed Text] SOCHI, August 13 (Itar-Tass) — Russian Foreign Minister Andrey Kozyrev said Russia has engaged the United States in the search for peace in the former Yugoslavia.

Meeting journalists after his talks with U.S. National Security Adviser Anthony Lake in the Black Sea resort city of Sochi on Sunday, Kozyrev said "we have succeeded in engaging the United States in the discussion of political approaches towards conflict settlement in the former Yugoslavia."

He stressed that the American side "met with understanding the Russian president's proposal to organise a summit meeting with the participation of the warring sides."

The proposal was made by President Boris Yeltsin during his meeting with Serbian President Slobodan Milosevic earlier this week. Its major components include a renewed proposal to hold a summit meeting with the participation of the leaders of the warring sides — Yugoslavia, Croatia and Bosnia — as well as Russia's readiness to organise a direct three-party discussion between Milosevic, Croatian President Franjo Tudjman and Bosnian Moslem leader Alija Izetbegovic to prepare such a meeting.

Kozyrev pointed out that such a meeting is needed in order to adopt comprehensive decisions on the settlement of the conflict in the Balkans, adding that the recognition of this need by the U.S. president's national security adviser brings the positions of the two countries closer.

In a press availability before his meeting with Lake, which was held in accordance with an agreement reached during his telephone conversation with U.S. Secretary of State Warren Christopher last Thursday, the Russian minister said he did not expect any disagreements with Lake on the approach towards the problem.

"What disagreements are you talking about if, for example, both the President of the United States and the President of Russia put forth the same initiative — to ban nuclear testing?"

Speaking about the Bosnian conflict, Kozyrev stressed that the initiatives of the two countries have many converging points. "All the building blocks we should use in resolving the conflict in the Balkans are well known — ceasefire, troop withdrawal, mutual recognition and so forth. The question is how to put them all together," Kozyrev said.

At the same time, he said "I cannot say that our views fully coincided, but disagreements over specific issues will be discussed by the international Contact Group which will meet at a high expert level in the near future."

He reiterated the peace initiative put forth by President Yeltsin who warned that further delay in lifting sanctions on Yugoslavia "may push Russia towards a unilateral withdrawal from the regime of sanctions."

Kozyrev told Lake his concerns about "military and forcible approaches" and welcomed the fact that the "United States has got engaged in the search for political solutions."

Lake was expected to inform Kozyrev about U.S. President Bill Clinton's proposals on settling the crisis in Croatia. Lake has already discussed these proposals, which Washington has kept secret so far, with other Contact Group members in London, Bonn and Paris and, according to media reports, garnered their support.

After the talks at one of the Russian government summer residences where Kozyrev is currently on a vacation, lake left for Sochi's airport.

Spokesman Praises 'Useful' Talks

LD1408130895 Moscow INTERFAX in English 1217 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — A meeting of Russian Foreign Minister Andrey Kozyrev and US Presidential Aide for National Security Anthony Lake, which was held on Sunday in Sochi, was "rather useful," official representative of the Russian Foreign Ministry Mikhail Demurin told Interfax on Monday.

In his words, Kozyrev and Lake exchanged opinion on possible international measures to be taken for resumption of negotiations on Yugoslav settlement.

"We think that leaders of the warring sides should become chief peace-makers. They must finally sit down at negotiations' table," said Demurin. "As for peacemakers outside Yugoslavia, the whole international community should play this role."

In the words of the Ministry representative, every member of the international community can make his contribution to peace-making.

"The proposal of Russian President Boris Yeltsin on a meeting of leading state heads to be attended by representatives of the warring sides and Presidents of Yugoslavia, Croatia and Bosnia was caused by the

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striving to gather together leaders of peoples of the former Yugoslavia so that they come to an agreement on their own," said Demurin.

Speaking of the map of the international contact group under which Bosnian Serbs are to have 49% and the Muslim-Croat Federation 51% of territory of Bosnia and Herzegovina, Demurin said "We support his map and its principles of division. It is the starting point of settlement. Later on the sides can introduce any changes in the map on mutual consent, including changes concerning the proportion of territorial division."

Kozyrev, Greek Minister Discuss Balkan Settlement

LD1208122295 Moscow ITAR-TASS World Service in Russian 1124 GMT 12 Aug 95

[By ITAR-TASS correspondent Irina Shchegoleva]

[FBIS Translated Text] Sochi, 12 Aug (ITAR-TASS) — The Russian foreign minister, who is on vacation in Sochi, met with Greek Foreign Minister Karolos Papoulias today. "This meeting is particularly important now when we are working on developing President Yeltsin's initiative of setting the Balkan crisis," Kozyrev told journalists prior to the meeting. He also said that as a result of Yeltsin's initiative it is possible to "wake up" a political process, and this could be regarded as definite progress.

Kozyrev said that at present it is important to "improve cooperation with Belgrade, ease the regime of sanctions, and strengthen all sound-thinking forces uniting around President Milosevic."

"We reject the policy of faits accomplis and armed intervention," Papoulias said. He emphasized that the meeting with the Russian minister is taking place at a critical moment both for the Balkans and for the whole of Europe.

Diplomat Denies Plan To Divide Bosnia-Herzegovina

LD1108140295 Moscow INTERFAX in English 1310 GMT 11 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 11 (Interfax) — A senior Russian Foreign Ministry official told Interfax Friday that Moscow does not believe media reports about U.S. plans to carve up Bosnia between Serbia and Croatia.

Numerous media have reported that Anthony Lake, the U.S. president's security adviser, is touring the capitals of contact group member states in order to win support for this idea.

"Neither Moscow nor, to the best of our knowledge, Washington plans to divide Bosnia up. Nobody is preparing a new Munich or making a deal behind the backs of the warring parties in Bosnia," the diplomat said.

The Russian government presumes, he explained, that the Lake mission is to enable the warring parties to sit at the negotiating table and decide on their future.

"If all the three peoples of Bosnia, Serbs, Croats and Muslims, decide to have their country divided between Serbia and Croatia, then it will be so," the diplomat continued. However, he doubted that this scenario will work.

"One can expect that under certain conditions the Bosnian Serbs and Croats will agree to divide Bosnia up. But it is pure fantasy that the Bosnian Muslims, vigorously supported by the Islamic world, will lose their historic chance and give up their own statehood," the diplomat declared.

Official on Yugoslav Situation, Duma Reaction

LD1408110295 Moscow INTERFAX in English 0954 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 14 (Interfax) — Russia's Foreign Ministry understands the feelings State Duma deputies were guided by when passing bills on Russia unilaterally withdrawing from the regime of international sanctions imposed against Yugoslavia (Serbia and Montenegro), and on the imposition of sanctions against Croatia. "We do not reject the possibility of taking unilateral steps, but we believe that it is possible to do without them for the time being," a senior member of Russia's Foreign Ministry told Interfax on Monday.

According to him, Russia favors lifting the sanctions imposed against Yugoslavia. "This is our principal attitude, since Belgrade meets the international community's demands and poses a factor for peace in the Balkans. But the lifting of sanctions should be collective, not unilateral. Such a step would be truly realistic and constructive only in this case," he said.

Concerning sanctions against Croatia imposed by the State Duma, the diplomat noted that they too would make sense only if they were collective. "Otherwise we will only punish ourselves and no one else," the diplomat said, and added that this was his personal opinion.

Under the State Duma resolution still subject to approval from President Yeltsin, all imports from and exports to Croatia would be banned.

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Moreover, because of "massive human rights violations and open genocide against ethnic Serbs in Croatia," it is forbidden to conclude and fulfil economic transactions with any company or individual from Croatia.

The State Duma resolution provides for suspending the activity of all enterprises and organizations formed in Russia with investment from such companies or individuals, and for freezing their bank accounts.

According to the expert, the State Duma resolution concerning Croatia "is a demonstrative step which has no practical content."

"Politics must be based on taking into account the actual state of affairs, not succumbing to emotions. And the real state of affairs is that Croatia's action in Krajina (IF note: the part of Croatia populated by Serbs) has been accomplished. At Russia's insistence the U.N. Security Council condemned Zagreb for its actions," the Foreign Ministry official said. "It is obvious, however, that it is hardly possible to achieve a comprehensive settlement in the post-Yugoslav space without Croatia."

Today the top priority task is to prevent a humanitarian catastrophe (IF note: among the refugees from Krajina), and step up the search for ways to resolve the situation in the former Yugoslavia, the diplomat stressed.

According to him, on Sunday these topics, among others, were discussed in Sochi, where the head of Russian diplomacy Andrey Kozyrev conferred with U.S Presidential National Security Adviser Anthony Lake.

Russian Planes Arrive in Belgrade With Relief Aid

LD1208201095 Moscow ITAR-TASS in English 2006 GMT 12 Aug 95

[By Ivan Ivanov]

[FBIS Transcribed Text] BELGRADE, August 12 (Itar-Tass) — The first three cargo planes arrived in Belgrade late on Saturday bringing humanitarian aid for Serb Krajina refugees.

The three Il-76 cargo planes landed in Belgrade's Surcin airport, delivering 90 tonnes of relief supplies, including medicines and food for refugees from Serb Krajina, whose number has already exceeded 100,000.

"Today the planes brought food — canned meat and fish, condensed milk and baby food. On Wednesday, another convoy of about 50 KamAZ trucks will leave Russia. They will be carrying food, medicines, tents and warm clothes," Sergei Khetagurov, Deputy Minister for Emergency Situations, told Itar-Tass at the airport upon arrival.

"We think that we should help all people who find themselves in a difficult situation because of the politicians' mistakes, nationalism and armed confrontations," he said.

The ministry press service said earlier today that during the third stage of the operation, relief supplies will be delivered by railway.

In addition to medicines and food, Russia will provide tents, clothing, utensils and other necessities the refugees need badly.

The initiative to provide humanitarian aid to the refugees from Serb Krajina fleeing Croatia's offensive was proposed by Russian President Boris Yeltsin last Friday. All practical aspects of the operation will be handled by the Russian Foreign Ministry and the Ministry for Emergencies.

On Friday, Yeltsin's spokesman Sergey Medvedev said the operation will involve "only humanitarian assistance to refugees, not any supplies of food or any other goods in circumvention of the regime of international sanctions against the Union Republic of Yugoslavia."

In addition to 100,000 refugees who have already arrived in Yugoslavia, more than 150,000 are on their way from Serb Krajina where Croatian troops are said to be holding about 12,000 Serbs near Topusko and 10,000 more near Glina.

According to the latest reports, over 250 refugees, including children, died during the past week of their exodus from Krajina.

Further Humanitarian Aid To Be Sent

LD1408105695 Moscow ITAR-TASS in English 1025 GMT 14 Aug 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] MOSCOW August 14 (Itar-Tass) — The Russian Emergencies Ministry prepares to dispatch to Belgrade another 150 tonnes of humanitarian cargoes for refugees from Krajina. A convoy of 49 Kamaz trucks with these cargoes will set out from Moscow on the morning of August 16, Itar-Tass learned from the press service of the Emergencies Ministry on Monday.

The first 90 tonnes of food and medicines for refugees have been flown by three transport planes of the Ministry past Saturday. Later it is planned to organise the delivery of humanitarian cargoes by rail.

Humanitarian aid to refugees is effected on the initiative of Russian President Boris Yeltsin. "These cargoes are meant expressly for humanitarian aid to refugees and

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not any deliveries of food or other goods bypassing the regime of international sanctions imposed on the Union Republic of Yugoslavia", Sergey Medvedev, the Press Secretary of the Russian President, told Itar-Tass.

Foreign Ministry Clarifies Aid Moves

LD1108155995 Moscow ITAR-TASS World Service in Russian 1320 GMT 11 Aug 95

[By ITAR-TASS correspondent Yuriy Kozlov]

[FBIS Translated Text] Moscow, 11 Aug (ITAR-TASS) — This ITAR-TASS correspondent received clarifications at the Russian Foreign Ministry that the Russian humanitarian aid to refugees fleeing from the escalating conflict in Croatia and Serb Krajina does not contradict the existing regime of sanctions against Belgrade. He was told that in such cases "it is sufficient just to inform the UN committee for sanctions in New York" giving the date, the quantity, and content of the shipped goods.

In an earlier conversation with ITAR-TASS correspondent Andrey Shtorkh, Boris Yeltsin's press secretary Sergey Mikhaylov had especially stressed: "We are talking exclusively about humanitarian aid to the refugees, and not just supplies of foodstuffs or other goods with a view to evade the existing regime of international sanctions against Yugoslavia."

Boris Yeltsin came today with an initiative to launch a large-scale operation for sending humanitarian aid to refugees, and on his instructions the Russian Government has made an appropriate decision. Aid deliveries will begin on Saturday by Il-76 cargo planes, Sergey Medvedev said.

The practical side of organizing the humanitarian action has been entrusted to the Russian Foreign Ministry and the Ministry for Emergency Situations. An official representative of the press center of the Ministry for Emergency Situations told ITAR-TASS correspondent Anatoliy Yurkin that these planes will deliver food and medicines to refugees who fled from the area of escalating conflict. At the beginning of next week, a convoy of between 50 and 60 KAMAZ trucks carrying humanitarian aid will set off for the same area. The third stage of the humanitarian action — delivery by rail — will follow after that. Apart from medicines and food, Russia will supply refugees with tents, clothing, crockery, cutlery, and other necessities which they badly need.

Moscow Calls UN Resolution on Croatia 'Rather Tough'

LD1108174695 Moscow ITAR-TASS in English 1719 GMT 11 Aug 95

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, August 11 (Itar-Tass) — A spokesman for the Russian Foreign Ministry has described a resolution adopted by the U.N. Security Council denouncing Croatia's military operations as "rather a tough, but slow reaction" of the international community to the developments in Serb Krajina. A statement which came to Itar-Tass today says that it was Russia who had initiated this decision in connection with extremely negative developments in Croatia. Although not at once, but Russia managed to convince its colleagues in the Contact Group and other members of the U.N. Security Council that a resolute reaction was necessary.

The adopted resolution demands that the Croatian authorities immediately cease military operations, fully ensure the rights of the local Serb population, including the right to remain, leave or return under conditions of security, ensure for international organisations an access to areas populated by the Serbs. The resolution expresses concern over incidents of violation by Croatia of previous resolutions passed by the U.N. Security Council and demands that the Croatian government fully respect the status of the U.N. personnel, refrain from attacks on the U.N. personnel, bring to justice those responsible for such attacks and ensure peace-keepers' safety and freedom of movement. The document appeals to the warring sides to show maximum restraint in Eastern Slavonia (the only area remaining under the control of Croatian Serbs) and appeals to the U.N. Secretary General to follow developments there.

The spokesman for the Russian Foreign Ministry drew attention to the fact that the Russian president after recent talks with the Serbian president had resumed a proposal to hold a meeting of member-states of the Contact Group with the participation of the warring sides. Russia is also prepared to arrange a direct dialogue between the three leaders of Serbia, Croatia and Bosnia and Herzegovina, the spokesman said.

"There is no military of force settlement of the conflicts in the former Yugoslavia. Peaceful settlement of these conflicts is not only possible, but, in the long run, is inevitable," the statement said.

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Clinton Approach in Balkans Deemed 'Correct'

MM1108141395 Moscow KRASNAYA ZVEZDA in Russian 11 Aug 95 p 1

[Article by Mikhail Pogorelyy: "Balkans: Russia's Position Is To Seek Paths to Peace Rather Than Culprits"]

[FBIS Translated Text] With good cause Russian President Boris Yeltsin described the situation in former Yugoslavia as one of the most important and most complex issues in modern international politics during his meeting with Serbian President Slobodan Milosevic. Regrettably, the hands of the two Slav states were not joined by Croatian leader Franjo Tudjman, who abandoned his trip to Mosocw at the last minute, or by Bosnian President Alija Izetbegovic, who was not invited to the meeting. Otherwise they could, so to speak, have obtained at first hand regarding Russia's position on the Yugoslav crisis and studied the latest initiatives submitted by our country's leadership in this context.

Unlike certain other powers involved in resolving the Bosnian and other aspects of the Yugoslav crisis Russia flatly rejects military or strong-arm methods. It advocates peaceful means alone, attaining a truce, setting a negotiating process in train, and developing means of mutual confidence — with complete equality and equal responsibility for all parties. The day before, as you know, President Yeltsin set out Russia's stance when answering questions from Japan's NIHON KEIZAI SHIMBUN. These ideas seem the only sensible ones capable of having real results in the endeavor to secure peace in the Balkans since they differ perceptibly from the other powers' patently unilateral sympathies for various parties to the conflict. After all it is in effect pointless, as the Russian head of state pointed out, to seek right and wrong, never mind label people "war criminals" in the civil war between what are in theory fraternal Slav peoples. Moreover, it is dangerous to support some and try to crush others by means of sanctions or even overt use of troops (it does not matter whether they be NATO, UN, or national troops). Since this can only further aggravate the crisis.

Certainly, there may be critical assessments of various steps taken by the Russian leadership and the country's Foreign Ministry. They are, regrettably, not all being taken in a timely and sufficiently prompt fashion. But you cannot help but admit that these efforts are far more moral and honest than the wait-and-see stance adopted by a number of Western states and the policy of "faits accomplis" (an expression cited by Foreign Minister Andrey Kozyrev in a letter to UN Secretary General Butrus Butrus-Ghali) where the strong, the victors are declared to be right. The victims of aggression are once again being sacrificed by these politicians - - this time supposedly to political expediency. Against this backdrop the U.S. Congress' proposals to lift the ban on arms shipments to the Bosnian Muslims seem extremely hypocritical. After all, while verbally showing concern for some of the citizens of Bosnia-Herzegovina the U.S. legislators are thus sacrificing the republic's Serb minority. Moreover, this act by the United States would be a signal for other interested states. It is easy to predict the outcome — an uncontrolled flood of arms into various parts of former Yugoslavia and, as a result, tens and thousands of fatalities.... Boris Yeltsin once again opposed this move in his above interview with the Japanese newspaper.

But, apart from the obvious consequences and the deepening of the Yugoslav conflict, a unilateral violation of UN sanctions would put a very big questionmark over the advisability and effectiveness of the UN presence itself — just when it has begun to become an effective peacekeeping organ as intended when it was set up 50 years ago. People within the U.S. Administration, which is doggedly opposed to the Congress' plans, are obviously well aware of that. In recognizing last year's "Contact Group" plan as the basis for future talks on the future state administrative system in the former Yugoslavia, President Clinton seems to be choosing the only correct and stable foundation for peaceful organizational development in the Balkans. A team of U.S. Government representatives that left for Europe today led by the president's national security adviser, Anthony Lake, is empowered to acknowledge the Bosnian Serbs' right to a confederation with "greater" Serbia (within the Federal Republic of Yugoslavia) like the entitlement of the Bosnian Croats and Muslims to confederative ties with Croatia. In this, U.S. positions coincide with Russia's. They are also backed by Germany's Chancellor Helmut Kohl, who discussed the current changes in the situation in the Balkans with President Yeltsin over the telephone. The leading powers' coincidence of approach is gratifying since it provides hope of success at the meeting of the heads of the "Contact Group" states and the parties to the conflict, which Moscow is insistently suggesting and which seems to have a chance of going ahead in the fall.

Columnist Sees Russia 'Openly' Opposing West

MK1108112095 Moscow SEGODNYA in Russian 11 Aug 95 p 1

[Commentary by Vladimir Abarinov: "Moscow Demands the Lifting of International Sanctions Against Yugoslavia; Otherwise, Yeltsin Threatens To Do So Unilaterally"]

[FBIS Translated Excerpt] Yesterday's meeting between Boris Yeltsin and Slododan Milosevic in the Kremlin

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was remarkable primarily for the fact that the Serbian leader did not utter a word upon its completion. Despite diplomatic tradition, no joint statement was published. As for the Russian president's statement, it could have very well been published in Milosevic's absence. It only remains to guess to what extent this text reflects the contents of the talks.

Yeltsin's interpretation of recent developments in Croatia catches one's attention. In Moscow's view, Zagreb's military action pushed the Balkans "still closer" to the brink of a major war. By proposing a trilateral meeting in Moscow, the Russian president was trying to save the world from this gloomy prospect. The Croatian president, however, yielded to the pressure of "leaders of major countries" and declined to arrive in Moscow in order to enter into a "direct peace dialogue." Thus, Yeltsin gave lie to Zagreb's statements to the effect that Tudjman had not initially consented to participate in the Moscow meeting. [passage omitted]

It should be recognized that Yeltsin's demand to ensure Serbian refugees' "unhindered return to their homes" is unrealistic under prevailing conditions. "In order to secure the cessation of hostile actions"? [punctuation as published] But they have been stopped on the territory of Croatia, and now it is not the Croatian but, on the contrary, the Serbian side in the conflict that is planning military actions. There remain demands of a humanitarian nature that nobody argues against, and a proposal to call an international conference with the participation of the great powers and the belligerents. Moscow still has an illusory faith in the effectiveness of big forums, whereas in our day and age it is secret diplomacy that has proven effective. The "dry residue" of the Kremlin meeting is now a resolute demand to lift the UN Security Council sanctions against Yugoslavia rather than ease them. Otherwise, Russia threatens to unilaterally withdraw from the sanctions regime. Judging by the statement, no extra efforts are required of Belgrade. This now amounts to a challenge. This is the first time Russia has so openly opposed the West.

Yeltsin Said 'Unconditionally' Siding With Serbs

MM1108162795 Moscow IZVESTIYA in Russian 12 Aug 95 pp 1, 3

[Report by Konstantin Eggert and Maksim Yusin: "Boris Yeltsin Sides With Serbs"]

[FBIS Translated Text] If anyone still harbored any illusions before Boris Yeltsin's meeting with Serbian President Slobodan Milosevic that the Kremlin is able to take an objective stance in the Balkan conflict and can thus give weight to its mediatory efforts, the last doubts have disappeared today. Yeltsin unconditionally sided with the Serbs, threatening to unilaterally lift the sanctions against Belgrade introduced by the UN Security Council three years ago with Russia's full approval.

It is hard to imagine a more untimely statement. Over the last few months the Russian diplomatic service's main task has been to prevent the United States lifting the embargo on arms shipments to Bosnia. At the same time Moscow's spokesmen have spoken emotionally of the need for concerted action by the world community and the inadmissibility of unilateral moves. Yeltsin's threat overturns all these logical endeavors and is effectively inciting Washington to take unilateral steps.

It is unclear how Russia expects to act as intermediary in the future when its leader has failed to demonstrate even a semblance of objectivity. After the tough words said about him in Moscow, it will be hard for Croatian President Franjo Tudjman to accept the invitation to attend new talks under the Kremlin's auspices. And Russian diplomats will hardly be able to tell Alija Izetbegovic why Yeltsin failed to find a single word of condemnation for the Serbs' crimes in the captured Muslim enclaves while stigmatizing the "Croatian aggression in Krajina."

Madeleine Albright, U.S. spokesman at the United Nations, submitted photographs to the UN Security Council showing mass graves in the former UN safe haven of Srebrenica, which was captured by the Bosnian Serbs in July. It is thought that the graves contain the bodies of almost 3,000 Muslims executed by Ratko Mladic's soldiers.

France's LIBERATION has obtained testimonies from those who miraculously managed to escape under the bodies. Witnesses claim that the executions were directed by the Bosnian Serb Army commander personally, who had shortly before promised the population of Srebrenica their safety. A total of 6,000 Muslims have gone missing in Srebrenica and Zepa, mainly men and young people arrested by the Serbs.

Mikhail Demurin, the Russian Foreign Ministry's official spokesman, said in this connection: "All the facts pertaining to violations of international humanitarian law must be studied by independent, impartial experts — representatives of the OSCE [Organization for Security and Cooperation in Europe], the UNHCR, and International Court judges."

At the same time people on Smolensk Square are hinting that they doubt the objectivity of the court since, in the opinion of Russian diplomats, the judges who have accused the Bosnian Serb leaders of genocide have still not examined similar cases against the Croats and

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Muslims. Thus, the Foreign Ministry has once again demonstrated its desire to equate the incomparable war crimes committed by the Serbs and their enemies.

Sanctions Threat Said 'Obviously' Attack on West

LD1208181795 Moscow Russian Television Network in Russian 1600 GMT 12 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] The ultimatum-like nature of the statement made by the Russian president after his meeting with President Milosevic has caused a change in the route of the American delegation which was making a tour of European capitals.

Tomorrow the delegation is expected to arrive in Sochi. The U.S. President's security aide Anthony Lake will have talks with Andrey Kozyrev.

The reason for the further change of position was the demand announced by Boris Yeltsin for the lifting of international sanctions against Yugoslavia and moreover without any preliminary conditions on the part of Belgrade.

As you know, the Contact Group's plan envisaged first Belgrade's recognition of the independence of Croatia and Bosnia, and only then the lifting of sanctions.

Perhaps this is the first time Russia has come out so obviously against the West. However, a report transmitted via INTERFAX channels of today's decision by the Duma on Russia unilaterally leaving the international sanctions regimen against Yugoslavia could pour oil on the fire. At a time when the U.S. President has already imposed a veto on the decision of Congress to lift the embargo on supplies of arms to Bosnia, President Yeltsin has yet to think what to do with today's decision of the Russian parliament.

Daily: Yeltsin, Milosevic Forced Together By Events

MM1108160595 Moscow ROSSIYSKAYA GAZETA in Russian 12 Aug 95 Weekend Edition p 10

[Article by Vladimir Kuznechevskiy: "Yugoslav Crisis: On Threshold of Balkan War? Boris Yeltsin and Slobodan Milosevic Propose Solution to Political Deadlock in Balkans"]

[FBIS Translated Text] On 10 August the Russian and Serbian presidents had talks in Moscow that were just as unexpected as they were productive. The Serbian president assured Boris Yeltsin that Yugoslavia does not want war and will not engage in hostilities with Croatia unless the latter violates Serbia's integrity. Moreover, Milosevic confirmed his commitment to the international Contact Group's plan for the territorial division of Bosnia-Herzegovina.

The Russian president backed Belgrade's peaceful stance, formulated demands for the immediate lifting of UN sanctions against the Federal Republic of Yugoslavia, and hinted that if the United Nations carries on delaying lifting the sanctions Russia might abandon them unilaterally. As you know, somewhat earlier, 9 August, Moscow said that if the embargo on arms shipments to Bosnia-Herzegovina is lifted (which is what the U.S. Congress is advocating) Russia may consider the question of its arms shipments to Yugoslavia.

For the press the Russian president gave an assurance about the possibility of a definitive settlement of the Yugoslav crisis, for which he proposed convening a conference in Moscow of the presidents of Serbia, Croatia, and Bosnia-Herzegovina with the participation of the Contract Group heads of state.

The international public considers the results of the talks and S. Milosevic's visit to Moscow a sensation. After all, it is well-known that Boris Yeltsin and Slobodan Milosevic do not have any personal fondness for one another. The Serbian president's loyalty to the State Committee for the State of Emergency in August 1991 and to the Russian Federation Supreme Soviet in September 1993 gave rise to a fairly severe chill in relations between these two statesmen.

What is more, both interlocutors are well aware that the international Contact Group's plan for the division of Bosnia has long been buried by those who devised it and that Anthony Lake, the U.S. President's national security adviser, is now shuttling between the main European capitals with a proposal for Bosnia-Herzegovina to effectively be divided between Belgrade and Zagreb (formally this proposal looks like this: The Muslim-Croatian federation is integrated with Croatia and the Serb republic in Bosnia is integrated with Serbia). In a few days Lake will arrive in Moscow with the results of his talks.

Why then did the Russian and Serbian presidents not only meet but also show the world extremely close and even friendly positions? The explanation evidently resides in the acuteness of the actual situation that has taken shape in the former Yugoslavia over the last few days. The situation is that over the next few days hostilities may flare up between Croatia and Serbia on Serbia's eastern [as published] borders in the area held by the Krajina Serbs of Eastern Slavonia.

Following its successful capture of the Krajina Serbs' capital, Croatia has begun to hastily move its troops who took part in Operation "Storm-95" to the area of

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Eastern Slavonia. Virtually all the Croatian Army is now massing there.

In response, Belgrade first moved a reinforced armored tank division of 100 armored vehicles to the region and then troop support subunits moved up to Eastern Slavonia. At present, according to reports from Belgrade, all the highways to Eastern Slavonia from both Croatia and Serbia are full of convoys of manpower and hardware.

In 20th-century history such a concentration of forces by two opposing sides has never ended peacefully.

You should not believe Croatian Foreign Minister Mate Granic's assurances that Zagreb has no intention of annexing Eastern Slavonia by force: During the peace talks in Geneva 3 August with the Krajina Serbs the Croats did not stint on their peaceful assurances although they knew that Zagreb had decided 25 July to begin Operation "Storm-95" on the morning of 4 August.

In the event of Croatia's attacking Eastern Slavonia S. Milosevic will be unable to restrain his army from retaliating without risking the loss of his presidency. Does that mean there will be war?

There is every indication that this will be a different war from "Storm-95." There the regular Croatian Army fought peasants dressed in military uniform and officers of the same ilk. Here the Croats will encounter military professionals not only in the shape of enlisted men but also — far more importantly — professional officers and generals lusting for revenge for Knin.

The great powers [velikiye sili] will be unable to keep out of this war. But they all are, in practice, siding with Croatia. Serbia could end up alone in this situation. Then might Slobodan Milosevic not try to win Russian support? That was why he came. And that was what he obtained. There is no room for personal sympathies and antipathies here.

The Russian president is in an equally complex situation at the moment.

It is these highly acute circumstances that have literally driven the two presidents into one another's arms and impelled Russian- Serbian rapprochement. That was the reason for the unusual, truly historic decisions.

Milosevic and Yeltsin have done their job. Now it is up to the West. If Washington and Bonn are aware that Europe is indeed literally on the brink of a full-scale war in former Yugoslavia, they will find arguments to influence Zagreb and compel it to abandon the adventure in Eastern Slavonia. Provided that the West is not too late as it has repeatedly shown itself to be in this region.

Yeltsin, Milosevic Meeting Signals Rapprochement

MK1208072295 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 11 Aug 95 pp 1-2

['S.Sh.'-signed report: "One Yeltsin Is Still Yeltsin. The 'Moscow-Belgrade' Armored Train Departs on the First Track"]

[FBIS Translated Text] Yesterday, a personal meeting of the presidents of Russia and Yugoslavia took place in the Kremlin. Making a statement after the talks, Boris Yeltsin effectively issued an ultimatum to the Western powers. Unless they lift their economic sanctions against Yugoslavia in the very near future, as Moscow has repeatedly urged them to do, Moscow may do so unilaterally. A day earlier, in an interview with Japanese (?!) correspondents, the head of state hinted that military cooperation with Belgrade may well be resumed, including the resumption of Russian arms deliveries to Yugoslavia. A whole slew of sensations!

This is all the more surprising because this was the first personal meeting of the two presidents. And no love had been lost between them. Not long ago, the Serbian leader counted Yeltsin among his chief enemies. In 1991, Milosevic approved of the actions of the State Emergency Committee. During Boris Nikolayevich's fierce clashes with the late Supreme Soviet, Slobodan received delegations of intransigent parliamentarians in Belgrade, extending them a particularly cordial welcome. The pro-government Yugoslav mass media described the Kremlin boss as a downright degenerate: The whole Russian people allegedly sympathizes with a Serb nation insulted by the West, but the president has sold out to world Zionism.

This is how it was only two years ago. Presently these infamous vituperations have been forgotten, and subdued curses have given way to an embrace, albeit not a particularly warm one. This is explicable. Mysterious zigzags in the general line of our ruling party have brought about a situation where not only our blurred opposition, but absolutely all political factions in society stand to benefit from openly expressing their sympathy with the Slav brothers. The closer December draws, the more beneficial this will be.

One may argue about the pros and cons of a diplomatic confrontation with the West, but this diplomatic line is also possible. In its current position of weakness, Moscow instinctively has to lean toward an alliance with rulers who are themselves in dire straits. First this was the case with Berlusconi — now, with Milosevic. This is how it could be with Chirac, who has found himself hopelessly on the defensive because of his dubious

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decision to resume nuclear testing. Let's say, Moscow plus France against the rest of the world.

The Serb guest outdid all former and potential visitors laying claim to Russia's favor. He hacked out in Moscow everything he could only dream of — a statement in support of Belgrade's "peaceloving" policy and a demand that sanctions be lifted immediately. "Hacked out" is the wrong phrase, though. One gains the impression that the Russian side itself was swift to offer or to foist on the Yugoslav side propaganda moves that would be the most advantageous for the latter. Before leaving for Moscow, President Milosevic said that both the fall of Krajina and other current sufferings of the Balkan peoples stem from the fact that two peace plans drawn up by international mediators some time ago were not signed. Yesterday, the Kremlin, too, announced its full commitment to the stale project calling for dividing Yugoslavia into equal parts between the Serbs and the Muslims. And that at a time when America is suggesting that the plan be adjusted to account for the current situation.

Interestingly, explicitly anti-Western outbursts mix in the Russian president's statement with just as explicit curtsies toward those overseas. No sooner had Washington expressed its astonishment at the fact that the Bosnian Muslim leader was not invited to Moscow, than Russia adjusted its initial proposal. Now we no longer object to a Balkan summit attended by Izetbegovic, or even "the heads of the key states." Russia is humbly ready to organize such a summit.

The history of yesterday's summit in general is full of mysteries. Some observers think that Yeltsin gave voice to the failed idea of brokering peace between the presidents of Serbia and Croatia in Moscow, which would have helped him earn unprecedented peacemaking laurels, without prior consultations with Minister Kozyrev. Novelties contained in Boris Nikolayevich's latest statement are just as infeasible in practice as they are spectacular and amusing. Pure PR. Clearly, Russia is not ready to — nor will it — join in the conflict either directly or indirectly (through arms deliveries to the Yugoslavs toward repaying Russia's considerable debt). And according to the laws of politics any unsubstantiated threat only proves the weakness of the party that makes it.

Columnist Laments Waning Foreign Policy Influence

MM1108164095 Moscow KOMSOMOLSKAYA PRAVDA in Russian 12 Aug 95 p 1

[Article by Pavel Voshchanov: "Results of the Week: Fake Gilt on Our Diplomacy Peels Off in Balkans"]

[FBIS Translated Text] At first glance the most important political event of the week for us is only indirectly associated with Russia and its leaders. It took place far from our state's borders — in Serb Krajina, which the Croats "pacified" by fire and sword. This event once again made us sense something of which we have been conscious for a long time — the short-sighted and in some regards even amateurish approach of the ruling Kremlin. But the main thing is its lack of a clear idea of where collective security ends and national interests begin. For any other state they are virtually a law that must not be violated under any circumstances. Russia — and this has been demonstrated by the events of the past week — controlls little now. It has simply been squeezed out of the Balkans and all it can do now is make the best of a bad job: The Croats did not come to Moscow, yet we think that we can still influence things.

Official Russian propaganda assiduously attached what amounted to virtually "world historic significance" to the Kremlin's proposal for the warring sides in the Balkans to come to Moscow for tripartite talks. It did not work. One could suggest something even more "multilateral" or raise a brow, hinting at the unilateral lifting of sanctions against Yugoslavia — that too will hardly happen. You can guess the reasons for such failures (to all appearances there are more than one) but something else is far more important — "my buddy Bill" and "my buddy Helmut" have hinted.... Yeltsin today is by no means allowed to do everything in world politics. And no glitz of ceremonial meetings in Halifax can eclipse this obvious sorry fact. The fake gilt of Kozyrev's diplomacy noticeably faded amid the smoke of the Krajina conflagration.

And here is another result of last week, which is also, incidentally, associated with the Balkans. The Russian president's statement that "this problem should only be resolved by peaceful means, at the negotiating table" seemed somewhat strange to many Russians. In the West it gave rise to a host of gibes and questions. To all appearances something that was predicted early in the year has happened — the Chechen operation has robbed Russia of the right to take part in peacemaking for a long time (possibly until there are radical changes in the current leadership). Were it not for Serbia's historic orientation and the exhausting blockade against it, no

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one would have heeded the Kremlin with its talk of the "civilized resolution of contentious issues."

The Chechen war will be a millstone around the neck of Russian diplomacy for many years to come. It canceled Russia's stabilizing, deterrent role in many conflict regions — even in regions which are not as remote as, and far more familiar to us than, the Balkans. Matters will hardly be helped by the tried and tested format whereby the president goes abroad, the prime minister mans the telephones, and Volskiy travels to the scene. It is doubtful that anyone will bring themselves to avail themselves of the efforts of the "bull," which overturned so much china in its own shop in the heat of the moment.

Daily Critical of Yeltsin's Balkan Initiatives

MK1208134895 Moscow SEGODNYA in Russian 12 Aug 95 p 1

[Report by Pavel Felgengauer: "Much Fuss About the Balkans for Nothing"]

[FBIS Translated Text] On Monday [7 August], President Yeltsin, after a good rest following his illness, tried to show the public that he is in perfect control of the situation. There was no chance, however, for him to come up with some graphic new initiative in domestic policy. In Chechnya, the peace process has come to a dangerous standstill, and even the appointment of a presidential envoy in the region has not been fully coordinated. So Boris Yeltsin had nothing left to do but to invite officially, directly through the press, the presidents of Croatia and Serbia — without even having asked for their preliminary consent — to Moscow for negotiations on a peace settlement in the former Yugoslavia.

Such carelessness is obviously indicative of the fact that Russia has no well-thought-out policy regarding the Balkans. This, however, is not surprising at all — it would be difficult to name any major area of domestic or foreign affairs where the Kremlin pursues a consistent long-term strategy that could consolidate the efforts of the numerous ministries and agencies in Moscow. President Yeltsin is a glaring example of a tactician, and he obviously sees no sense in defining his strategic goals in good time.

Russia's policy in the war-stricken former Yugoslavia is determined, above all, by domestic policy concerns, as well as by the personal ambitions of certain politicians and diplomats. After the disintegration of the USSR, Russia no longer has any serious economic or military interests in this region. Moscow can use neither sticks nor carrots — it is unable to back its diplomatic initiatives with promises of aid or threats to use military force.

Boris Yeltsin probably indeed believes that the war in the former Yugoslavia can be instantly stopped at a conference in Moscow with the participation of world and Balkan leaders. It was thus that high-level Soviet communists always resolved complicated issues: They used to get together at a country house with a sauna, drink a good deal, and come to an agreement. Bosnian President Alija Izetbegovic is a Muslim, whom the law forbids to take strong drink — therefore, he was not invited to Moscow, so that he would not be in the way of reaching the required consensus.

Alas, in contemporary world politics, a personal meeting of leaders can decide nothing by itself. The real power of Western leaders is too restricted by democratic checks and balances. After thorough thinking, Franjo Tudjman did not go to Moscow; therefore, the Russian president met only with Slobodan Milosevic, with whom no other world leader would negotiate directly. Yeltsin, naturally, felt hurt and declared publicly that Russia would strive to have all international sanctions against Belgrade lifted immediately, and that if it failed to achieve this, it would unilaterally give up the sanctions.

This, however, is a hollow promise and a no less hollow threat. The United Nations Security Council will not lift the sanctions, whereas Belgrade's neighbors — Hungary, Romania, Macedonia, Bulgaria, and Albania — will not let any significant Russian supplies to the Serbs through their territories. Airlifting over these countries is equally impossible. The seaports of Kotor and Bar in the Serb-controlled portion of the Adriatic coast are tightly blockaded by NATO warships.

In the next few months, however, relative peace can be expected in the Balkans. The Croats have seized everything they are capable of holding at the moment; the Serbs are going to lick their wounds and investigate who personally betrayed Krajina, and the Muslim army is yet too weak to deal a really heavy blow to the Serbs. Until spring, there seems to be time for more peace initiatives and summits, which are so dear to the Russian heart.

U.S. Serviceman Declared Persona Non Grata

LD1208151895 Moscow INTERFAX in English 1208 GMT 12 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug. 12 (Interfax) — Russia's Foreign Ministry has protested to the U.S. embassy over actions by Jason Carl Lynch, a U.S. national.

As Interfax has learned from the Russian foreign policy department, Lynch "was declared persona non-grata and was asked to leave Russia immediately."

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On August 3, Federal Security Service officers arrested Lynch near the restricted zone of the Krasnoyarsk-26 facility when he used a high precision instrument for visual reconnaissance.

Investigators have learned that Lynch is a captain of the American Armed Forces and is on staff at the West Point Academy. He has been in Russia since July 25 as a member of an ecologic expedition on the Yenisey river.

Official Visits Qandahar For Talks on Plane Crew

LD1408105995 Moscow ITAR-TASS in English 1025 GMT 14 Aug 95

[By Leonid Kotov and Sergey Spitsin]

[FBIS Transcribed Text] MOSCOW, August 14 (Itar-Tass) — A Russian embassy official in Pakistan, Zamir Kabulov, today left Islamabad for the Afghan city of Qandahar for talks with the leaders of the Taleban movement on the release of the crew of the Russian aircraft seized by Afghan Mojahedin on August 3.

A high-ranking embassy official told Itar-Tass by telephone from Islamabad that "negotiations in Qandahar between the Russian diplomat who arrives from the Pakistani capital and representatives of the Taleban movement on this sensitive issue must begin today."

Itar-Tass has learned that one of the conditions for the settlement of the problem with the Russian Il-76 freight plane belonging to the Aerostan Company is "the release of the militants of this movement who are held on the territory of the former USSR."

Representatives of the Taleban movement have repeatedly voiced their demands despite the fact that the Russian Foreign Ministry has repeatedly denied as "inventions" the allegations that Russia is still holding Afghan Mojahedins.

At present, Russian diplomats maintain contacts with different Afghan groups which have promised to help release of the Russian crew. Afghan authorities have also expressed readiness to help, even though their potential for the assistance in this case are limited by continuing confrontation with the Taleban movement.

Unconditional Release Demanded

LD1308110895 Moscow ITAR-TASS in English 1024 GMT 13 Aug 95

[By Viktor Lebedev]

[FBIS Transcribed Text] KUWAIT August 13 (Itar-Tass) — A Russian diplomat went from Pakistan to Kandahar today to demand unconditional release of the Russian crew of the Il-76 plane which has been kept for ten days in Kandahar by an Afghan opposition group.

The plane, which was chartered by the Afghan government, was intercepted and forced down by Mig fighters when it was on commercial flight.

The Taleban opposition group said the plane was seized because it transported arms and military equipment.

The crew is kept in a hotel.

Reuters reported that flight engineer Viktor Ryazanov, 46, had been taken to Kandahar's Saudi hospital with critically severe hypertension and cardiac pain.

A spokesman for Transavia air carrier of the United Arab Emirates to which the plane was leased told Itar-Tass on the telephone today that Ryazanov's condition had stabilised.

He said food, drinking water and books had been provided to the detained crew from Sharja, United Arab Emirates.

Itar-Tass was told by sources that leaders of the Taleban movement want to get components for military equipment in exchange for release of the plane.

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Political Issues

Yeltsin Rejects Law on Forming Federation Council

LD1208111595 Moscow ITAR-TASS in English 1056 GMT 12 Aug 95

[FBIS Transcribed Text] MOSCOW, August 12 (ITAR-TASS) — President Boris Yeltsin rejected a bill on forming the Federation Council (Russian parliament upper chamber) which was adopted by the State Duma (lower house) and approved by the Federation Council last month, says a report by the Russian president's press service transmitted to ITAR-TASS on Saturday.

The chief executive spelled out reasons for his decision in a letter sent to State Duma speaker Ivan Rybkin.

Further on Rejection

LD1208120395 Moscow Russian Television Network in Russian 1000 GMT 12 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] The Russian president's press service reported today that Boris Yeltsin has turned down the law 'On forming the Federation Council of the Federal Assembly of the Russian Federation'. We remind you that the law was adopted by the State Duma on 5 July and it was approved by the Federation Council on 21 July. The president personally informed State Duma Chairman Ivan Rybkin in writing on the reasons for his decision.

As is known, on 5 July six versions of the draft law were proposed in the lower chamber of parliament. The deputies supported the version of the draft statutes which, in the president's opinion, most widely deviated from the Constitution of Russia. This is how the president's press service explained the position taken by the head of state:

The draft law lays down the principle that members of the Federation Council are to be elected. Thus, the process of forming the upper chamber of parliament by direct elections is made similar to the election of State Duma deputies. This changes the constitutional status of the Federation Council. According to the Constitution, the two chambers of the Russian parliament have different competencies. This is one of the components of the principle of the division of powers. The explanation given by the presidential press service stresses that Boris Yeltsin is still prepared to discuss any suggestions on the process of forming the upper chamber of parliament which do not contradict the Constitution.

Commenting on the president's decision, his aide Georgiy Satarov noted that the formation of the Federation Council by way of direct representation of the regional political elites will first allow the Federation's foundations to be strengthened, and second to involve the said regional elites in the process of solving issues of national importance.

Yeltsin Returns Draft Laws to State Duma

LD1108202795 Moscow ITAR-TASS World Service in Russian 1500 GMT 11 Aug 95

[FBIS Translated Excerpt] Moscow, 11 Aug (ITAR-TASS) — Russian President Boris Yeltsin has rejected the federal law 'On architectural practice in the Russian Federation,' and returned it to the Duma for a second hearing in accordance with Part 3, Article 107 of the Constitution of the Russian Federation. This was done because on a number of points the legislative act does not conform with the Russian Constitution, certain other legislative acts, and the rules of judicial practice, the presidential press service informed ITAR-TASS today.

The president also returned to the Duma for a second hearing the federal law 'On the payment of retirement pensions to education workers teaching at schools and other education establishments for children in the Chechen Republic between 1 September 1995 and 31 December 1997.' [passage omitted]

Yeltsin Orders Creation of Mostatnafta Group

LD1108193695 Moscow INTERFAX in English 1815 GMT 11 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 11 (PIA-INTERFAX) — Russian President Boris Yeltsin issued a decree Friday ordering the creation of the Mostatnafta financial-industrial group.

Yeltsin approved the initiative of Moscow and Tatarstan governments to create the group, the presidential press office said. The group is created "to ensure stable supply of oil products to consumers, to raise the efficiency of joint-stock companies and enterprises in the oil and oil-refining industries and efficiency of supplying oil products to the city of Moscow, to Moscow region and to the Republic of Tatarstan."

The president charged the Russian government with working out measures of state support for the group, in accordance with Russian laws, after the group is officially registered. Such measures may include passing management rights over blocks of shares in the enterprises that form the group from the state to the group.

The decree comes into effect on the day it is signed.

Sources in the Moscow government earlier told Petroleum Information Agency that oil-extracting Tatneft enterprise and the Moscow oil-refining plant, the main supplier of oil products to Moscow, will form the Mostatnafta group.

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The Moscow oil-refining plant is one of the largest in the industry. It refined 8.6 million tonnes of oil in 1994. The oil-extracting companies Tatneft, Komineft, Surgutneftegaz, Megionneftegaz and Nizhnevartovskneftegaz are the main suppliers of oil for the plant. The plant has equipment allowing it to refine heavy oil. Much of the oil extracted in Tatarstan is of this variety.

Yeltsin Finds 'Inconsistencies' in Reclamation Law

MM1108135295 Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 95 p 1

[Unattributed report plus note from the "The President" rubric: "Draft Law Needs Further Work"]

[FBIS Translated Text] The president has submitted his findings on the draft Federal Law "On the Reclamation of Agricultural Land" to the State Duma. The main conclusion drawn is that the draft law is at variance with the Russian Constitution and the system of Russian legislation on a number of points.

Our Note: The Kremlin Press Service has informed us that the document contains logical inconsistencies, drafting errors, gaps in the regulation of substantial issues connected with reclamation, and vagueness with respect to certain concepts.

Yeltsin Edict on Anniversary of Demidov Plant

LD1108131695 Moscow INTERFAX in English 0952 GMT 11 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 11 (INTERFAX) — Russian President Boris Yeltsin has issued a decree on festivities to mark the 300th jubilee of the Demidov metallurgical plant and the 250th jubilee of the Russian samovar.

The decree, whose text has been received by INTERFAX, stresses that the festivities will be held "to mark the outstanding contribution of the Demidovs, Russian mine owners and Maecenases, in development of industrial business and culture of Russia, as well as the significant role of Tula, a Russian historical center of arms and samovar production."

The festivities will take place in 1995-1996 and end with an international Demidov forum on June 28-29, 1996, in Tula.

Daily Discusses Yeltsin's Reelection Chances

MK1108140095 Moscow KOMMERSANT-DAILY in Russian 11 Aug 95 p 3

[Article by Natalya Arkhangelskaya: "Russia's Party Life. Low Rating Is No Hindrance for Big People"]

[FBIS Translated Text] The popularity rating of today's head of the Russian state will sink even lower by the December elections, according to the findings of political-science studies by the "Vox Populi" sociological service and the Strategic Analysis and Prognosis Center, published yesterday. According to expert assessments, Yeltsin will drop to the third spot from today's second, to trail not only Chernomyrdin but also Luzhkov. Putting aside the question of whether this rating of Russia's leading politicians exactly applies, let us point out that Yeltsin's falling prestige is quite indisputable and is being noted by all researchers. This circumstance, however, does not deter any of the founders of the Public Committee for the Nomination of Boris Yeltsin as a presidential candidate in the next elections. One of the main people behind this initiative is Ilya Roytman, political scientist and secretary of the United Democratic Center, who is convinced his undertaking has a future.

The first press conference of committee activists a week ago at the height of the parliamentary elections campaign came rather unexpectedly and a bit prematurely it seemed. Although Roytman believes that it is quite normal, from the point of view of developed democracies' experience, to start to sell a presidential candidate a year before the elections. But it is not the timing of the start of the campaign, but rather the figure of the candidate that raises the main doubts: Yeltsin's popularity today does not exceed 9 percent according to all polls. Why join the race then? But Roytman counters this quite understandable bewilderment thus. First, sociology, as a scientific branch, is virtually nonexistent in Russia, which was convincingly demonstrated by the previous elections, for which reason one should not bother about the above figure. And second, and perhaps most importantly: There are simply no other feasible candidates. The political scientist thinks all of the well-known politicians to be non-starters.

Admittedly, the latter proposition is shared by many of Roytman's fellow scholars, with one caveat: if Yeltsin runs. At any rate, most people agree that should the incumbent president join the race once again next June, he would upset the apple cart: a second round would be a certainty and Yeltsin, most likely, would be in the running. Opinions differ on his rival in the second round. Yavlinskiy was the most frequent name heard until recently, which also generated rumors about an alleged understanding between "Yabloko" and the

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Communists in which the latter are supposedly ready to back the author of the "500 Days" [program]. Despite its elegance, this premise does not amount to an axiom. Speaking before a recent Russian-American seminar on the future elections one of the top functionaries of the Communist Party suddenly admitted that the most logical tack for the Communists is to vote for Yeltsin, chiefly because of his predictability.

General Lebed, who is becoming a potential candidate, is rapidly gaining on Yavlinskiy in popularity of late, if not leaving him behind. But the Committee for the Nomination of Yeltsin does not expect serious competition from this side either. Roytman thinks the general's rumored popularity greatly exaggerated; he is convinced that Lebed lacks the experience and knowledge necessary in a politician, and, even more regrettably, there is no team capable of competently "selling" him. This, incidentally, can be noticed by any attentive watcher.

Finally, that leaves Chernomyrdin, who cannot help sensing that his political weight is growing, although he does not tire of repeating that he does not aspire to become president. Activists of the committee stress that should Yeltsin appoint his official successor, they would be ready to work for him. This man could very well be the current premier, whom Roytman considers the most serious figure among all possible contenders. But this is only in case of his complete loyalty to the president. In light of the constantly fanned rumors that there are forces striving to drive a wedge between the president and the premier, one cannot discount the possibility of a different turn of events — all the more so because, according to some information, the setting up of a public committee met with a mixed reaction in the Yeltsin entourage.

Appearing on the latest "Moment Istiny" [Moment of Truth] television program, presidential aide Aleksandr Livshits revealed that presidential experts are supposed to receive in September the results of a commissioned study into Yeltsin's prospects. Depending on the contents of the materials, his [Yeltsin's] entourage will advise him to run again or not. Morever, according to KOMMERSANT-DAILY's information, some of the presidential experts in recent private political meetings in the Kremlin concluded with regret that, as they saw it, Yeltsin has virtually no chance of staying on (with the help of elections) for another term. Given this sad backdrop, the action of the committee appears very daring. At any rate, it is hard to imagine that this "initiative from the bottom" has no backing from the very top. One can suppose that the creation of the committee was aimed at hinting to Chernomyrdin that his rise has its limits. If this is so, the signal may be coming from forces that do not find to their liking the mutual understanding the president and the premier are demonstrating to the public. The widely held view has it that the focal point of these forces is the presidential protection service.

In Roytman's opinion, Chernomyrdin's chances in the coming presidential elections are not very great — 20 percent at most, a no-confidence vote in fact. Scoring this result in the "primaries" [in Russian transliteration] that the December elections are in fact going to be, it is improper to contend for the position of head of state. Incidentally, the majority of political scientists are convinced that 7 or 8 parties and movements will make it to the sixth Duma — the same number that made it to the current one — with none gaining a decisive edge. It would be rather a problem, under the circumstances, to win even 20 percent of the votes. It may happen that all aspirants for the seat of president, who as a rule head some party structure or other, are going to thus expose themselves to disrepute. One must have very strong nerves to contend for the title of number one in a government having in its pocket, following the December elections, 5, 10, or even 15 percent of the vote (although the lowest passing score may be as little as 13 percent given the possible 25-percent turnout in the June 1996 elections). Only the leftists (Communists and Agrarians) can hope for a decent result in December, but by the irony of fate, it is their leaders who do not enjoy particular popularity — the left-wing electorate votes for the idea rather than the leaders. As a result, Yeltsin may get a head start in the wake of the December elections. This is perhaps what the advocates of his nomination are reckoning on. By Ilya Roytman's admission, they also reckon on the Russians' traditional respect for authority, which paradoxically combines with a critical attitude to it, all the more so since in the given case this authority is their own, not imposed from the top.

By the way, it is not the first time that Roytman has worked with Yeltsin. He was head of the headquarters for the April 1993 referendum on confidence in the current president, and he maintains that the psychological atmosphere for Yeltsin supporters at that time was as heavy as it is today, and that nobody at that time expected such a convincing victory for the president; hence the conclusion that there are no grounds thus far for predicting Yeltsin's defeat in 1996. As Roytman revealed, a mere week after the committee's first press conference, those wishing to support this initiative were already found in 15 regions of the country. This action, Roytman thinks, should make people ponder. And they will then realize that Russia today does not have a better leader.

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'Russia Is Our Home' Holds Second Congress

Chernomyrdin Addresses Congress

LD1208123095 Moscow Russian Television Network in Russian 1000 GMT 12 Aug 95

[From the "Vesti" newscast; passages in quotation marks recorded]

[FBIS Translated Text] The Russia Is Our Home movement is holding its congress in the same respectable and tasteful manner as it did last time — at the conference hall of the Russia hotel, just 300 meters from the Kremlin. More than 500 delegates from 80 regional organizations and more than 200 guests are attending, as well as heads and deputy heads of regional administrations, directors of industrial giants, and top government officials. "We know not only what needs to be done but also how it should be done," one of the movement's slogans says. Viktor Chernomyrdin, who made the keynote speech, told the audience not to feel ashamed of being called the party of power.

[Chernomyrdin] "We are not the party of functionaries, of the elite, or such like. We should be the party of power that people elect, the one that people need for a sustained and assured development of Russia."

[Announcer] Chernomyrdin said economic stabilization in certain branches of the Russian industry and in political life form the political capital of the party of power. The rise in citizens' standard of living is no longer a mirage, Viktor Chernomyrdin believes. He said it is time to get used to such words as raise and growth, meaning, of course, the growth in production levels, not of prices. Incidentally, financial stabilization is the idea that should be adopted from the previous stage of reforms. The next stage will deal with not just survival but with the strengthening of the Russian economy:

[Chernomyrdin] "The idea of national accumulation should become the core of this. The components of this course are encouragement of personal savings and their transformation into investments, protection of the savers's interests, and development of the securities market, which will form an integral part of a reasonable post-voucher privatization."

[Announcer] Social issues will also get high profile in the Russia Is Our Home program.

[Chernomyrdin] "We cannot help but feel pain for the way our Russian people live today."

[Announcer] The situation can be changed only by holding on to power. There is no other way of doing something in this country, Chernomyrdin believes. However, slogans alone cannot get things moving. A strong and dynamic organization is needed, said the leader of the movement. He also praised some regional organizations of the Russia Is Our Home movement for their good work, in particular, those of the Moscow, Samara, and Krasnodar Regions. The main task for the next two or three months will be to make the organization into a mass movement. Chernomyrdin also urged members of the movement to work with the media sensitively and professionally.

[Chernomyrdin] "Let us agree once and for all: if a leader of the movement has no time to meet the press or give an interview he is not likely to have time to get into the State Duma and become its member."

[Announcer] In the afternoon the congress plans to continue discussing the movement's program and to adopt the platform which the party of power will take to the voters.

Radio Views 'Notable' Event

LD1208161995 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 12 Aug 95

[FBIS Translated Text] The second congress of the Russia Is Our Home [RIOH] movement, which opened in the Rossiya cinema and concert hall, was another notable present-day event.

[Correspondent Pavel Shirov] The congress delegates had taken their seats in the hall, not in rows as usual, but around little tables of five or six persons each just like at party congresses in the West. Only, instead of beer there was mineral water and Fanta on the tables. In Western fashion the rapporteur did not walk up to a traditional oak rostrum either, but to an elegant stand with a microphone. At this stand Viktor Chernomyrdin, the leader of Our Home looked slightly like FRG Chancellor Kohl at the CDU [Christian Democratic Union] congress. However, the content of his address rather resembled the reports of former times: Many words and no specifics at all.

For instance, speaking about the need for some adjustment to the government's economic policy, something needs to be changed and something needs to be abandoned, Chernomyrdin did not clarify what exactly he intends to change and what he intends to abandon. The prime minister did not clarify this matter at the news conference either. However, he talked a lot about here about the need for stability, building a socially orientated market economy, and a evolutionary method of development.

[Begin Chernomyrdin recording] We know how to build and develop in the national economy our own, ours, what is Russian, or what was Soviet [soyuznoye] earlier.

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There have been different methods. Approaches have been different. Principles have been different. We are convinced: There is no alternative for Russia. For Russia the foundation must be precisely an economic and production one. But what is needed is time. Time is needed. What Russia is most short of today is time. [end recording]

[Shirov] Even though at this stage of the congress drawing up an electoral list is not planned, Chernomyrdin noted more than once that the RIOH is going to the elections with a view to remaining in power, and for a long time at that.

In reply to a question as to whom he regards as his most important rival, the prime minister threw up his hands and said briefly: There are none, I cannot see any.

On the other hand, seeing that journalists wished to go into his private finances, Chernomyrdin ruled this out quite sharply:

[Begin Chernomyrdin recording] I do not intend to either discuss or reply to these questions. It will be immoral on my part even to reply to any such questions. [end recording]

[Shirov] But as regards the financing of the movement itself, Chernomyrdin said that he will not permit violations of the law in this matter. However, it needs to be added, that, despite the imported paraphernalia, the session of the congress went according to the old Soviet tradition, in accordance with a previously conceived plan. According to this plan, today it is intended only to become acquainted with the movement's movement and to conduct its discussion in regional organizations until the next stage of the congress, which is scheduled for the beginning of September.

Pavel Shirov, from the Rossiya concert hall.

Movement To Nominate Candidates

LD1208153295 Moscow ITAR-TASS in English 1443 GMT 12 Aug 95

[By Lyudmila Aleksandrova and Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, August 12 (ITAR-TASS) — "The movement 'Our Home is Russia' has been set up not just for the period of the pre-election campaign, but forever. We want it to eventually become a party," Russian Prime Minister Viktor Chernomyrdin said.

Speaking in the break between the sessions of the Second Congress of his movement "Our Home is Russia" now underway in Moscow, Chernomyrdin said it will take time to form a party.

He pointed out that the movement will nominate candidates in all one-seat constituencies, adding that he sees no serious rivals for them.

Chernomyrdin stressed that the funding of the movement's election campaign will be conducted in strict conformity with the law. "We will not allow any violations," he said.

Chernomyrdin Acknowledged Leader

LD1208124995 Moscow INTERFAX in English 1208 GMT 12 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 12 (INTERFAX) — Prime Minister Viktor Chernomyrdin is the "acknowledged political leader" of the Our Home Is Russia movement, First Deputy Premier Oleg Soskovets told journalists at the movement's congress which opened in Moscow on Saturday.

"Chernomyrdin formed a well-qualified team in the government, and he is its undoubtable leader," he stressed.

According to Soskovets, the characteristic features of Chernomyrdin are "a deep knowledge of life and economics, and a pragmatic approach to the implementation of reforms." "These qualities make it possible to hope that his government's economic policy and the election campaign of Our Home Is Russia will be a success," he noted.

With reference to the two-phase format of the congress' work Soskovets pointed out that such an approach will make it possible to take into account the opinions and wishes of the various areas of Russia better. It's common knowledge that the movement's election strategy is based largely on receiving maximum support from Russian provinces.

As Soskovets said, Our Home Is Russia has already turned into a "tangible political formation, which unites the healthy forces of society favoring its stable development."

Chernomyrdin Sees Civilian Economy

LD1208152595 Moscow ITAR-TASS in English 1437 GMT 12 Aug 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, August 12 (ITAR-TASS) — The basis of the Russian economy should be civilian products competitive in any market, not the defence industry which was overbloated in the former Soviet Union, Russian Prime Minister Viktor Chernomyrdin said.

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Speaking in the break between the sessions of the second congress of his movement "Our Home is Russia" now underway in Moscow, Chernomyrdin said that the industry should operate in a market basis.

He admitted that the government has certain difficulties in dealing with this problem the bulk of which is the defence sector. The major problem facing the government is the lack of time. "We still have a lot to be done, because politicians are judged by what they have done," he said.

Chernomyrdin denied media reports that alleged that he owns 2 or 3 billion U.S. dollars. "I cannot even imagine that much money. All I have ever had and been connected with while working in top positions in the gas sector ended with my appointment as chairman of the government," he said. [sentence as received]

Chernomyrdin Heads Electoral List

LD1408115695 Moscow 2x2 Television in Russian 1000 GMT 14 Aug 95

[FBIS Translated Text] The electoral list of the Russia Is Our Home movement is headed by Prime Minister Viktor Chernomyrdin, Academician Dmitriy Likhachev, and [Lieutenant-General] Lev Rokhlin, commander of the northern group of federal forces in Chechnya. The POSTFACTUM agency learned this from circles close to the movement's leadership.

Program Approved, Congress Ends

LD1208205195 Moscow ITAR-TASS in English 2040 GMT 12 Aug 95

[By Lyudmila Aleksandrova and Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, August 13 (ITAR-TASS) — The Second Congress of the "Our Home is Russia" movement ended its first session on Saturday by giving an overall approval for the movement's programme which, along with the election platform, will be submitted to the Congress when it gathers again on September 2 for its second session.

The Congress elected an auditing commission headed by Russian Prime Minister Viktor Chernomyrdin which will draft documents to be adopted by the second session.

In his closing speech to the Congress, Chernomyrdin admitted that the draft programme contains some controversial provisions which have yet to be ironed out. "The programme should be one which people can understand and the objectives and tasks should be clearly set out," he said.

The premier said a lot of hard work is ahead to persuade people to believe in the movement's programme. "Considering that there are many representatives of the executive branch among us, it is not going to be an easy task, because they have reasons to criticise us," he added.

Chernomyrdin believes that his movement's major advantage is that "we do not just make declarations, we do a real job."

He believes the upcoming parliamentary elections will become a crucial event in the history of modern Russia and warned against attempts to reverse its development.

The prime minister said he intends to place the main accent on social issues and pledged to "untie the knot" of problems connected with delays in the payment of pensions within a week.

He urged the regional leaders to pay more attention to the collectibility of taxes and the payment of salaries and pensions, adding that they also share responsibility for delays. "I do not think that the regions are in such a state that cannot afford to pay salaries to the state employees," he said.

Chernomyrdin Seen Standing in War Party's Way

MK1208081095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 11 Aug 95 p 2

[Report by Aleksandr Budberg: "Who Wants To Kill Chernomyrdin? The Arms Mafia Comes to the Fore" — first paragraph is epigraph]

[FBIS Translated Text] On 10 August 1964, the U.S. Congress adopted a resolution enabling the president to build up the U.S. military presence in Indochina and to make decisions on combat operations against the Viet Cong without seeking additional authorization from Congress. On that same day, Lyndon Johnson said during a meeting with the top military command and leaders of key defense firms: "You asked for war — you got it." The audience gave him a standing ovation: Vietnam began in earnest.

Although its capabilities are in fact fairly modest, journalism sometimes brings forth articles that become virtual facts of political life. They prompt one repeatedly to return to them and to try to find an explanation. This does not happen because they are written so well, but because certain political forces use these articles in order to come out of the closet and make their voice heard, throwing more light on the under-the-carpet struggle that is going on for real. Examples are fresh in everybody's mind: "I Cannot Waive My Principles," "The Snow Is Falling...."

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A lot has already been written about KOMSOMOLSKAYA PRAVDA's article "To Kill Chernomyrdin." And while officials have unanimously passed over in silence the revelation of an anonymous patriot from the underground organization of his colleagues with the amusing name of "Feliks" (Whoever could think that even now the old boy Dzerzhinskiy is still more alive than anybody else, particularly for the Chekists!), journalists have repeatedly commented on this article. And for good reason too! A conspiracy threatening the life of the head of the cabinet. Appreciating — apparently justifiably — the high level of professionalism displayed by those who lured KOMSOMOLSKAYA PRAVDA into publishing this article, newspaper analysts have noted the strange deportment of the would-be terrorist who announces his intentions beforehand. There have been virtually no suggestions, however, as to why this interview was needed at all. The "Feliks" subject was puffed up in various papers for several months. Citing this strange organization, they published intriguing materials about drug-traffickers' routes the world over, possible reasons for the sinking of the "Estonia" ferry, and so on and so forth. And all that only to spite Chernomyrdin in unison?

The simplest explanation did not occur to anyone, however. That the KOMSOMOLSKAYA PRAVDA interview is in fact the last warning, along the lines of: "We have no other choice, dear Viktor Stepanovich, so we've taken aim at you."

In Russia, any human life has a price tag attached. To kill a journalist costs about $5,000-10,000; a banker, about $50,000. Killing a premier, however, would be a terrifying thing to do. The chances of both the perpetrators and organizers staying alive tends toward zero according to the "domino theory." And this game can only be played if one's turnover reaches hundreds, not even tens, of millions of dollars. No risk is too high if such a business is at stake. If so, if we are to understand who is hiding behind the phrase "To Kill Chernomyrdin," it is essential first of all to find out whose path the premier — and the fuel and energy sector he came to symbolize — has crossed.

A Good Method of Earning an Extra Buck

The key word written on the current Russian prime minister's banner is stability. And this is understandable. The mightiest clan, standing behind him, needs the much-invoked stability as a breath of fresh air so as to continue making its millions. And, what's more, making them LEGALLY.

But stability is precisely what another, just as mighty group does not need in order to make money. For them, war is the best engine of trade. Because they trade in weapons.

The arms trade on the territory of the former USSR did not begin yesterday, nor will it end tomorrow. The country had and still has all the prerequisites for that: Weapons were manufactured in unmeasured quantities and control over arsenals became much looser after the events of the past several years.

Back in 1991, while visiting Soviet troops stationed in Karabakh, the author was surprised to find out that prices for any type of military property — from a cartridge to a truck — had long been established and no one seemed to be shocked by the very idea of selling an unaccounted-for submachine-gun. The most innocuous method of earning money was to transport farmers from one village to another by an armored personnel carrier — the roads were under fire. But certain officers left the barracks with combat vehicles at night and returned without ammunition. It was anyone's guess as to which enemy it was expended on. At the time, the "fighters" still found this "work" embarrassing and in the evening, speaking off the record, apparently in an attempt to convince themselves in the first place, they tried to justify what they were doing by citing inhuman conditions of service, small wages, and the fact that their very dangerous mission did not make any sense at all.

Apart from that small-time wholesale trade, fairly large-scale transactions were clinched at the time in Karabakh. Ch. Mustafayev, the Azerbaijani reporter thanks to whom the world saw the tragedy of Khodzhala and who was later killed himself, asserted that whole villages were bought for millions (and that in 1991!). Upon receiving money from any of the warring sides, a not particularly scrupulous commander of peacekeepers commanded his forces to seal off the village mentioned in the terms of the deal. He suggested that all fighters (which meant the whole male population) either lay down their arms or leave. Laying down arms meant to be killed the next day after the Russians returned to their camp. As a rule, the fighters of the self-defense forces chose to leave — the rest of the population leaving along with them, abandoning their homes, belongings, cattle. Once the village was thus cleared, the regular troops retreated and the customer entered houses that had already been deserted. Sometimes one and the same village was sold a number of times. As usual, it was the soldiers and lieutenants who had to pay with their blood for the huge profits reaped by the colonels and generals.

It is an open secret that the easiest way to cover up the sale of weapons from a military depot is to simulate a burglary. Bandits attack a depot (a truck, a column of armored vehicles) that has already been

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sold, successfully tie up the security guards, and whisk the property away. Naturally, all the key figures on whom it depends whether or not a "burglary" can be pulled off without a hitch — security commanders, special service officers, rear service personnel, and senior officers — receive their share of the booty. Those who should investigate the burglary, those who may know something, and those on high who are tasked with covering up the crime or overlooking a stolen truck right beyond the base's very gate also take part in dividing the profits. These, for their part, enlarge the circle of bribe-takers even further, now taking steps to ensure their safety. A very high pyramid may thus be built.

This is how it was and how it still is. At any rate, General Gladyshev, commander of the 12th base of the Russian troops in Georgia, effectively accused his commander, General Reutov, of trading in weapons as a pastime and described an episode frequently recurring in the area of the Abkhazian-Georgian conflict. Local bosses simply phone you and say: "You need money, then arrange for a KamAZ to be hijacked."

But at the same time the old, good "amateurishness" is receding into the past. Starting with the Abkhaz war, the arms trade and the training of mercenaries have reached an industrial scale. The "party of war" whose footsteps can now be found anywhere from Tajikistan to the Balkans appears to have begun taking shape at the same period.

Here are a few facts that have already been made public. In 1992, on the same day that Boris Yeltsin received Eduard Shevardnadze in the Kremlin, Yuriy Skokov, then Security Council secretary (currently leader of the Congress of Russian Communities), met with Abkhaz President Ardzinba. After the meeting Abkhaz fighters received artillery systems and multiple rocket launchers. Moreover, on the eve of the seizure of Sukhumi as many as 11 echelons with ammunition came to Abkhazia from Russia, according to information of the Georgian security service.

In 1994, during the latest Azerbaijani offensive in Karabakh, the Armenians suddenly committed to combat new tanks they had not had before, including several state-of-the-art T-80's. It should be noted, however, that even a tank crew member would be unable to handle a T-80 unless he was trained to operate precisely this vehicle. Therefore, the Armenian side obtained specialists along with the hardware. One need not guess long where they could have come from.

One week before a coup attempt occurred in Baku in fall 1994 six "particularly dangerous state criminals" broke away from a jail run by the Azerbaijani National Security Ministry. Among them was R. Kaziyev, former Azerbaijani defense minister, who was charged, among other things, with maintaining connections with the Russian special services and with frittering away millions of dollars from the state treasury. This escape and that of Aleksandr Solonik from Butyrskaya jail [in Moscow] were as alike as two peas: They were allegedly lead out by a lieutenant, who was ostensibly ordered to execute the prisoners by shooting. He was gripped by fear, however, and decided to rescue them. It is even less clear how the lieutenant could have smuggled Kaziyev and Co. out of the country; for currently the former minister lives at a government-owned summer house outside Moscow.

Hardly a month had passed after that when Prime Minister Suret Guseynov, accused of plotting a coup, also had to flee Baku. Six months before that, Guseynov, the "master" of Gyandzha, Azerbaijan's second largest city, who had his personal army there, made an assault on Baku and removed President Elchibey from politics.

This happened at a time when a contract with Western companies on the production of oil and gas in the Caspian shelf seemed to be ready for signing. Geydar Aliyev, who was summoned by Elchibey to Baku, persuaded Guseynov "to wait just a little bit," after which leadership would be ceded to him voluntarily, but in October everything was turned upside down. Guseynov, who had a reputation as Moscow's man, was removed. His group in Gyandzha, to which an airborne assault division handed its weapons before leaving for Russia (it is not by chance that it had special relations with some of the Russian generals), was sealed off and disarmed. At the same time IZVESTIYA reported that the disgraced politician was smuggled out to Moscow by — neither more nor less — officers of "Vympel."

In December 1994 the radio intercept service of the federal troops in Chechnya recorded a conversation of two retired generals, D. Dudayev and S. Beppayev. The wise warriors mulled over how the Russian grouping could be prevented from taking Groznyy. Before his retirement, General Beppayev was a top commander of the Transcaucasus Military District, whom many officers almost explicitly accused of selling off arsenals. The arsenals contained considerable reserves that would have been sufficient for one month of independent full-scale combat operations! By some accounts, up to 30,000 submachine-guns were sold from the Transcaucasus Military District alone. If we assume that the average wholesale price of one gun was $200, it turns out that even at the time millions of dollars were already at stake.

Such facts can be added indefinitely. Of course, it would be foolish to imagine that there is a rigidly-structured

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organization that unleashes wars for the sake of astronomic profits. But it is just as certain that there is a wide range of very influential servicemen and diplomats, government officials and businessmen, intelligence and customs officers, pensioners and production specialists who would find it very beneficial to keep such conflicts smoldering as long as possible. The interests of these people (who, undoubtedly, form a wing of the current party of power) sometimes coincide and sometimes run counter to each other, but they all make up the most formidable CARTEL with more or less common strategic interests. And only a similar super-monster can match it.

The First Battle

That the fuel and energy sector's interests do not coincide with those of arms traders became clear right after it turned out that gas and oil producers have managed to survive reform. For the fuel and energy sector with its enormous capabilities (if only domestic prices reach the world level, Gazprom's potential turnover may amount to $70 billion) it is vitally important to integrate itself into the world market. Our oil and gas companies are in principle ready to start crowding out their Western rivals, and the first large-scale projects in Europe are already in the pipeline.

But starting from mid-1994, articles with extremely vitriolic accusations against the government and "Chernomyrdin and his clique" personally started appearing in the press on a regular basis. According to numerous and, as a rule, anonymous analysts, the key accusations leveled at the premier boiled down to the charge that, seeking to increase the profits of oil and gas companies, he is selling out the interests of the country, "giving way on geopolitics." In effect, these publications were harbingers of an upcoming battle of the giants. The first major battlefield happened to be Azerbaijan.

Azerbaijan is not only one of the richest republics of the former USSR (the sole republic that had a trade surplus with Russia), not only a warring party in Karabakh (and, therefore, a major consumer of arms and mercenaries), but Azerbaijan is also an important transport hub. It is across Azerbaijan that routes from Turkey and Iran to the CIS; from Central Asia to the Baltic states; and from Afghanistan to Chechnya pass. For any businessmen engaged in drug trafficking, the arms trade, and smuggling operations, controlling this republic means to guarantee a windfall of profits.

But what's more, Azerbaijan is major gas and oil fields in the Caspian shelf, the development of which promises tens of billions of dollars. There is also a possibility to reap profits from the transit of fuel from oil wells to large ports. For this reason the two "mafias" could not but clash in an almost unconcealed showdown precisely in this republic.

All successive governments in Baku have long attempted to set the oil contract with a consortium of Western firms in motion. For this country it was an obvious way out of war and poverty. But each time something happened to thwart it. First the Armenians would launch an offensive, then a regional boss, all of a sudden acquiring weapons, would start a mini-revolution. Many ascribed these mishaps to "the hand of Moscow." The "hand" had a specific name. The already mentioned R. Kaziyev was so beloved by some members of the Russian leadership that after he had already been removed from the post of minister Pavel Sergeyevich Grachev insistently urged Azerbaijani leaders to bring the disgraced figure back, because "Moscow trusts him alone."

The fact that Kaziyev was a key figure in the regional arms trade is common knowledge in Azerbaijan. He controlled huge sums of money and is rumored to have often left for Moscow with a case packed with banknotes. When asked in parliament how funds were being spent and why accounts were not in order, Kaziyev answered quite convincingly: "Why, aren't we firing every day?"

Kaziyev was replaced by Guseynov. But when he, too, was booted out by Aliyev, it turned out that neither the Foreign Ministry nor the Defense Ministry could control Baku any longer. Quite unexpectedly, the consortium of Caspian oil field developers was joined — with a fairly considerable stake, at that — by LUKoil (the company, which was portrayed by the "Feliks" member in the "To Kill Chernomyrdin" article as almost the world's leading launderer of "dirty money"). The amazing thing is that the oil contract immediately started gaining momentum. The reaction of Kozyrev's ministry was extremely tough at the time. The Foreign Ministry insisted on trade, economic, and financial sanctions against Baku, and the minister himself allegedly called Chernomyrdin on the subject. But after representatives of the Fuel and Energy Ministry attended the ceremony to sign and bless the "contract of the century," it became quite evident that Azerbaijan was breaking loose from the orbit of unending war and that it would be extremely difficult to reduce it to the status of a "pocket" republic once again; too much money turned out to have been invested in its shelf.

"Retaliation by the empire" was swift. As early as October 1994 the premier found himself on such shaky ground that he seemed to have no chances of surviving. But Chernomyrdin did survive. And this came as the greatest and, most importantly, the most unexpected defeat for the people who had come to see themselves

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as the main, even if secret, masters of the country. At the same time, in October 1994, Dmitriy Kholodov was assassinated. There is no need to remind the readers how that murder inflamed the situation in the country right on the eve of the premier's possible resignation (the explosion at the MOSKOVSKIY KOMSOMOLETS editorial board occurred on 17 October, and a report about Chernomyrdin's letter in which he tendered his resignation to Yeltsin emerged on 18 October).

It is difficult to say whether or not Kholodov's murderers will be found, but after the chiefs of the investigation team disclosed suddenly at a news conference that Kholodov was killed by explosives stolen from the special-purpose troops' base at Chuchkovo and the officer who stole these explosives had been arrested, this lent unexpected confirmation to one theory of the assassination. Under this theory, saboteurs for a Transcaucasus country were trained at the Chuchkovo base. Dima [Kholodov] learned some specific facts about that by chance when he came to Chuchkovo to take photographs for a report. And he decided to start an investigation that cost him his life.

Right after the murder this theory emerged in a number of newspapers. In ARGUMENTY I FAKTY it was published under a rubric with the pointed title "What's Been Tossed Over to Us." And then Fedor Ladygin, chief of the Main Intelligence Directorate [GRU] (to whom special-purpose troops are subordinate), whose countenance was a state secret until then, and whose trademark, as his colleagues say, is caution, suddenly made a televised address. He said officially that, by his account, by exploiting the murder of a journalist, the CIA was trying to discredit the GRU, the country's sole effectively operating special service.

Ladygin's statement was all the more strange because ARGUMENTY I FAKTY did not hide its source at all, but wrote straightforwardly: We have been approached by men from the Federal Counterintelligence Service.

No Enemy Will Ever Succeed....

In his analysis of the article "To Kill Chernomyrdin" Aleksandr Minkin correctly remarked that the only person respected by the Chekist-turned-terrorist is Ladygin, to whom he refers by his patronymic.

It is impossible to imagine that the arms trade could have been left outside the attention or involvement of officers of the General Staff's GRU. At the same time it should be understood, of course, that it is not current, but retired GRU officers who frequently come to the fore, holding far from the lowest-ranking positions in government authorities and private companies — and whose links with the "Aquarium" [GRU building] cannot be severed by means of simply transferring a work record book issued under the officer's latest name.

It so happens that the GRU has always supervised national-liberation movements in various countries of the world. During dozens of years it has gained immense experience (it is not by chance that a guerrilla warfare training center was set up in Moscow some time ago, which was visited by many well-known revolutionaries of the planet). This experience includes, among other things, methods of transporting "politically neutral" weapons to the requisite location. For this reason it is clear that intelligence specialists who have specific connections in the circles of European and international "traders in death" are presently simply indispensable as middlemen and organizers. They are also indispensable in order to move mercenaries quickly to all kinds of hot spots, from Serbia to Angola. For they have connections both among Serbs, whom the Russian "patriots" are so fond of backing, and among Croats, with whom Ukrainian nationalists are so sympathetic.

The Second Circle

There is another plague that comes hand in hand with the arms trade, namely, drug trafficking. Any war means a greater transparency of borders and a weakening of control. Suffice it to recall that same Vietnam carnage, when U.S. troops turned not only into the world's main drug consumer, but also into the key transporter of the "stuff" into the United States itself. To say nothing of operations carried out by the CIA, which bought weapons for the "good" Asians, using "dirty drug" money, about which a dozen or so movies have been shot.

Wars in the CIS are in fact no exception. During the Georgian-Abkhazian conflict, for instance, when G. Karkarashvili was Georgian defense minister (many people attribute an attempt on his life in Moscow to his commercial operations), drugs were delivered to the positions of Georgian units nearly semi-officially.

That same former Azerbaijani prime minister, Suret Guseynov, had a reputation in his republic (which was not confirmed officially even after his fall, however) as a king of drug transit. The airfield in Gyandzha, of which he was in charge, like the Samashki airfield (Chechnya) and the Bombora airfield (Abkhazia), has been in bad repute among specialists. Many goings-on in publications about drug trafficking in the world that cited the "Feliks" group began with a plane with lots of kilograms of select "powder" on board taking off or landing in Chechnya. And the specialists can be trusted in that regard. It is easy to imagine that, in conditions of the lack of any rule of law in Chechnya,

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not only could Dudayev and his cronies have arranged the transportation of regular illicit drugs, they could have smuggled anything, even nuclear bombs.

In the Soviet Union, the main supplier of narcotics was Central Asia. The USSR may have collapsed, but southern Kyrgyzstan, Tajikistan, and currently Afghanistan (as a matter of fact, the military intelligence service cannot but retain perfect connections in Afghan border areas: It is not by chance that General Dostam was the key ally of the "shuravi" [Afghan word for Russians]) are still major drug producers. The cost of drugs increases thousandfold en route from the site of production to the site of consumption. But transportation is the riskiest stage in this business. There is no need to explain how much easier everything becomes when war is under way.

A Beast Comes Out of the Shadow

Now that talks in Groznyy could yield results, the under-the-carpet battle of the giants appears to have reached the highest pitch. A lobby that has a vested interest in the continuation of the Chechen war is fully established, fairly influential, and very much interested: Not even billions, but trillions can be written off as the costs of combat operations (or the restoration of Groznyy for that matter), all the more so because there is a perfect ideological cover — patriotism. The situation is very much reminiscent of America during its reckless Vietnam adventure. This is why when a deputy hurls sellout charges at the premier because peace talks are under way, it is quite likely that apart from the interests of his Motherland he is also very much concerned by his own interests (only for most local patriots their own interests are inseparable from those of Russia).

This squabble is taking place against a very interesting background. A famous killer breaks free from jail, a prominent businessman is poisoned by the most exotic method — as if someone wanted to tell somebody: "It is difficult to shoot you dead, but still you cannot escape everything."

And, maybe, it is precisely by publishing the article "To Kill Chernomyrdin" that the most ruthless mafia of this country came out of the shadow, perhaps, for the first time ever. For no upbeat propaganda campaigns in ZAVTRA or SOVETSKAYA ROSSIYA will break the fuel and energy sector's back. And if so, individual terror is the last chance to tip the balance. Otherwise, why should Chernomyrdin have been jittery at Kivelidi's funeral?

The party of power or, rather, a part of it that has presently thrown in its lot with Chernomyrdin, may in fact not be very attractive. But it seems that precisely this group may become a realistic counterbalance to a party of regular cannibals that is striving to achieve final victory. At any rate, this is how the cannibals themselves see it.

Chekmezov Appointed Chief Grain Inspector

MM1108143595 Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 95 p 1

[Unattributed report from the "Corridors of Power" column: "Cadres: Grain Inspectorate Chief Appointed"]

[FBIS Translated Text] Igor Mefodyevich Chekmezov has been appointed head of the Russian Federation Government's State Grain Inspectorate — the Russian Federation's chief state grain inspector — by directive of Viktor Chernomyrdin.

Decree Establishes Enterprise Support Committee

MM1008151295 Moscow ROSSIYSKAYA GAZETA in Russian 10 Aug 95 p 5

[Russian Federation Government Decree No. 777, signed by Premier Chernomyrdin on 24 June: "Questions of the Russian Federation State Committee for the Support and Development of Small Enterprise"]

[FBIS Translated Text] In fulfillment of Russian Federation Presidential Edict No. 563 "On the Russian Federation State Committee for the Support and Development of Small Enterprise" of 6 June, the Russian Federation Government decrees that:

1. It shall be laid down that the Russian Federation State Committee for the Support and Development of Small Enterprise implements state policy in the sphere of promoting the formation and strengthening of the enterprise sector of the Russian Federation economy, state regulation, and intersectoral and interregional coordination in the sphere of the support and development of small enterprise.

2. The maximum number of staff at the Russian Federation State Committee for the Support and Development of Small Enterprise central apparatus shall be ratified at 80 within the limits of the overall number of federal executive organ staff, taking account of the measures being implemented to reduce staffing numbers.

3. The Russian Federation State Committee for the Support and Development of Small Enterprise shall be authorized to have five deputy chairmen, including one first deputy chairman, and a 13-man collegium.

4. The labor remuneration fund for staff at the Russian Federation State Committee for the Support and Development of Small Enterprise central apparatus shall be ratified at 472.752 million rubles in 1995.

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5. The Russian Federation State Committee for the Support and Development of Small Enterprise shall be housed at 35, Myasnitskaya Street in premises covering 1,600 square meters.

The Russian Federation State Committee for the Management of State Property together with the "Radiokompleksservis" Joint-Stock Company shall relinquish the aforesaid premises under the procedure laid down by legislation in accordance with the appendix (Footnote) (Not being published).

6. The terms of material and technical provision and medical and transport services provided for staff at Russian Federation ministries shall extend to employees of the Russian Federation State Committee for the Support and Development of Small Enterprise.

7. The Russian Federation president's Federal Government Communications and Information Agency shall supply the necessary government communications services to the Russian Federation State Committee for the Support and Development of Small Enterprise.

8. The chairman of the Russian Federation State Committee for the Support and Development of Small Enterprise shall submit to the Russian Federation Government under the established procedure:

a draft statute on the Russian Federation State Committee for the Support and Development of Small Enterprise;

proposals to clarify the functions of federal executive organs on questions of the support and development of small enterprise;

proposals to reorganize the Russian Federation State Committee for Anti-Monopoly Policy and Support of the New Economic Structures' Fund for the Support of Enterprise and the Development of Competition.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

[Dated] Moscow, 24 July 1995
No. 777

Businessmen Threaten To Expose Corruption

MK1108120895 Moscow SEGODNYA in Russian 10 Aug 95 p 2

[Report by Viktor Khamrayev: "'Russian Business Roundtable' Threatens To Publish Names of Corrupt Officials. Russian Businessmen Are No Longer Counting on Russian Authorities"]

[FBIS Translated Text] Leaders of the "Russian Business Roundtable" [RBR] movement told journalists yesterday, at a news conference held in connection with Ivan Kivelidi's death, that virtually all RBR members had refused to support the "Russia Is Our Home" bloc in the election.

According to RBR Vice President Vladimir Shcherbakov, immediately after the "right-hand party" appeared before the people, 60 percent of the RBR members tended to support it. The reporters were told that the change in electoral preferences is due to the fact that businessmen (for whom, in Mr. Shcherbakov's opinion, "supporting the government" is a natural thing) no longer regard the executive power structures as defenders of their interests and lives.

This year, the "Roundtable" has lost nine of its members, who were murdered (the RBR's four latest news conferences were held entirely for these tragic reasons). Mr. Shcherbakov regards the fact that official investigation of 46 murder cases and 95 attempted murders of Russian businessmen has not yet yielded any results as evidence of "close ties" between law-enforcement agencies and the underworld.

The vice president of the business movement and the leader of the Russian United Industrial Party [RUIP] said that "the 'black business' is assaulting the civilized one:" Criminal structures, with the executive power's connivance, are "trying to dominate" honest businessmen. Mr. Shcherbakov attributes the inactivity of state agencies to the fact that "the executive power has already molded its elite" and does not need a business elite formed.

Having expressed his bewilderment over this fact — "Who are they banking on?" — the RUIP leader told media workers that the "Roundtable" has a list of "corrupt leaders of executive power structures." When necessary, Mr. Shcherbakov warned, "we can publish the list and cite the [bribe] rates."

The need for publication seems not to have arisen yet since the RBR has decided, for now, to use the proletarian way of pressuring the authorities — to hold an all-Russian mass protest action the night of 16 August. Participating in the mourning march along the central streets of Moscow and other large cities — in silence and with candles in hands — will be not only businessmen but also those "to whom entrepreneurs give jobs" at their companies.

Speaking about Ivan Kivelidi's poisoning, the organizers of yesterday's news conference expressed their confidence that the poisoning was "intentional" and said that they started their own investigation into the reasons behind the RBR president's death. A special $1 million fund has been set up, based on businessmen's

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donations, to award prizes to those who help the investigators find out who "ordered" the poisoning.

FSB To Manage Alfa's Antiterrorist Group

LD1108190495 Moscow INTERFAX in English 1815 GMT 11 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 11 (INTERFAX) — The transfer of the Alfa anti-terrorist group from under the Main Guard Department to under the Russian Federal Security Service's [FSB] director is part of the state program to implement the fight with terrorism, a Federal Security Service high-ranking officer told INTERFAX today.

The officer said that efficiently combatting terrorism required a single system of management over all forces and means to be used in the battle. This means that a single system for "technical and financial supply, education and military training is required," the same source said.

The officer said that the observed failures in fighting terrorism proved that the absence of such a system, especially in the area of military training, could have "lamentable consequences."

The officer said that the Vympel group, which was transferred to the Federal Security Service yet in 1994, had been included in the single system for fighting terrorism along with Alfa.

Agrarian Party Attempts To Avert Division in Ranks

LD1308142795 Moscow INTERFAX in English 1223 GMT 13 Aug 95

[FBIS Transcribed Text] MOSCOW, AUG 13 (INTERFAX) — The leaders of the electoral bloc known as the Russian Agrarian Party are trying to avert possible division in its ranks. The Agrarian Party proper, the labor union of the agro-industrial complex and the Russian Agrarian Union emerge as the cornerstones of that biggest electoral bloc.

Sources on the Central Council of the Agrarian Union told INTERFAX that its collective presidency took exception to the viewpoint expressed by the Union's chairman Vasiliy Starodubtsev and confirmed affiliation with the Russian Agrarian Party.

Starodubtsev opposes what he sees as an "unfair" approach to the drafting of the bloc's federal nomination list. He insists that the bloc's cornerstone organizations enjoy equal representation on the nomination list. The chairman of the Russian Agrarian Party Mikhail Lapshin would not go along with this.

The same sources assume that Starodubtsev and his allies may split from the Agrarian bloc and join forces with the Communist Party of the Russian Federation.

'Violations' in Sverdlovsk Elections Noted

LD1108154995 Moscow INTERFAX in English 1310 GMT 11 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 11 (INTERFAX) — Gross violations of the election laws were registered in the first round of elections of the Sverdlovsk regional governor on August 6, Chairman of the Russian Central Electoral Commission Nikolay Ryabov told an exclusive INTERFAX interview Friday.

In his words, a delegation of the commission has recently returned from the Sverdlovsk region and confirmed the reports that observers were not shown the voting results and the election protocols in some electoral districts of the region. In the opinion of the Commission Chairman, it is a most gross violation of the election law because it affects civil rights. "This is inadmissible," stressed Ryabov.

The Central Electoral Commission is planning to appeal to the electoral commission and the prosecutor's office of the Sverdlovsk region with a demand for punishment of the violators. "The presence of observers will mean little if they are not allowed to see the voting results," he said.

Ryabov hopes that these measures will prevent violations in the second round of the elections of the Sverdlovsk regional governor on August 20.

Head of the Sverdlovsk regional Duma Eduard Rossel and head of the regional administration Aleksey Strakhov will run for governor in the second round of the elections.

Security Council Anticrime Body Decisions Reported

MM1108152495 Moscow KRASNAYA ZVEZDA in Russian 11 Aug 95 p 1

[ITAR-TASS report under the "KRASNAYA ZVEZDA and Telegraph Agency Correspondents Report" rubric: "It Has Been Decided To Make Law Enforcement Organs Work"]

[FBIS Translated Text] Russian Federation Security Council — The latest session of the Russian Federation Security Council Interdepartmental Commission on Public Security and Combating Crime and Corruption on 10 August was devoted to investigation work. In the opinion of the commission's members the weak spots in the main link in the crimefighting system — which

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is what investigation should be — were its overloading with trivial cases, the lack of its personnel's specialization in the most complex types of crime, and the low qualifications of many of the MVD's [Ministry of Internal Affairs] new recruits.

The Russian Justice Ministry has reported that a working group has been formed to work out the interdepartmental commission's proposals in detail. It comprises representatives of the General Prosecutor's Office, Justice Ministry, MVD, FSB [Federal Security Service], and Tax Police Department. The working group's representatives see the solution to the current situation as the implementation of a range of legislative and organizational measures, for example concentrating cases of premeditated murder and crimes by officials in the prosecutor's office investigation apparatus and cases involving state security in reorganized FSB structures.

Media Issues

Culture Ministry Suing PRAVDA for Libel

LD1408120695 Moscow ITAR-TASS in English 1107 GMT 14 Aug 95

[By Dmitriy Zlodorev]

[FBIS Transcribed Text] MOSCOW, August 14 (ITAR-TASS) — The Russian Culture Ministry and Deputy Minister Mikhail Shvydkoy have filed a libel suit against the newspaper PRAVDA and its correspondent Vladimir Teteryatnikov, Mikhail Shvydkoy told ITAR-TASS today.

"The defendants in their publications have repeatedly accused the Culture Ministry and myself of taking positions that do not meet Russia's national interests," the Deputy Minister said.

"They referred to the valuables relocated as a result of World War II. PRAVDA and Teteryatnikov think that the actions of the Ministry and the State Commission for Restitution is more in line with Germany's stance."

According to Shvydkoy, "The Culture Ministry initiated the development of a legal framework (for dealing with) the cultural valuables relocated during World War II. When drafting the law, different viewpoints clashed, which is natural when a very important and complex document is being prepared. However, our opponents have transcended the framework of academic polemics. We have always insisted on the liability of the German side, and we believe that restitution is not a one-way street. I say this with full responsibility that since the beginning of 1992 there has been no squandering or transfer of German valuables kept in this country's museums."

The case will be tried in the Savelovsk inter-municipal court in Moscow. The plaintiffs will be represented by Moscow Bar member David Akselbant.

Federal Assembly

State Duma Adopts Laws on Former Yugoslavia

Votes To Reject Sanctions

LD1208170795 Moscow INTERFAX in English 1704 GMT 12 Aug 95

[FBIS Transcribed Text] MOSCOW, AUG 12 (INTERFAX) — The State Duma decided that Russia is no longer bound by the international decision to introduce sanctions against Yugoslavia.

As many as 226 lawmakers, against one, voted for the endorsement, immediately in the third reading, of a bill on the Russian rejection of the international sanctions against the United Republic of Yugoslavia.

"Let the President (Yeltsin) figure out what to do with this decision, just as the US President figures out what to do with decisions by US Congress," Duma speaker Ivan Rybkin said.

Sanctions Against Croatia Approved

LD1208170695 Moscow INTERFAX in English 1657 GMT 12 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 12 (INTERFAX) — At its extraordinary sitting on Saturday the State Duma adopted the decree on introduction of economic sanctions with respect to Croatia directly in the third reading. As many as 234 deputies voted for this document, against — 0, and abstained — 0.

"Due to a mass violation of human rights and an open genocide against the Serbian population in Croatia" the decree bans to conclude and to implement any foreign economic deals with any individuals and legal entities from this republic.

It is prohibited to supply any goods to Croatia on export or import contracts.

Activity of all enterprises and organizations created on the Russian territory with participation of the above mentioned individuals and legal entities is suspended, their banking accounts must be frozen.

The decree is to go into effect from the moment of its publication and is in force "until the rights of the people who have suffered as a result of actions of Croatia's government and armed forces against the population of Serbian Krajina are restored."

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TASS Details Laws

LD1208171495 Moscow ITAR-TASS in English 1709 GMT 12 Aug 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, August 12 (ITAR-TASS) — The State Duma adopted on Saturday three laws connected with the settlement of the crisis in the former Yugoslavia. The laws will now have to be considered by the Federation Council.

The first law, "On the Termination of the Participation of the Russian Federation in the Enforcement of International Sanctions Imposed against the Republic of Yugoslavia," stipulates that individuals and legal entities in Russia can establish and maintain, without any limitation, all kinds of relations, and carry out all types of trade and other transactions with individuals and legal entities registered in Yugoslavia.

The law recommends the Russian government, the state bodies, enterprises, institutions and organisations to restore full political, economic and cultural cooperation with corresponding state and other institutions and organisations in Yugoslavia.

Another law, "On Measures of the Russian Federation to Prevent Genocide of the Serb People on the Territory of the Republic of Croatia," determines the essence and regime of economic sanctions to be imposed on Croatia by Russia in connection with the mass human rights violations and open genocide of part of the Serb population of Croatia.

The law prohibits all exports and imports of goods from Croatia, with the exception of medical supplies and humanitarian aid.

The third law, "On Measures to Provide Humanitarian Aid to the Federal Republic of Yugoslavia in Connection with the Genocide by the Republic of Croatia of the Serb Population," determines the legal terms of humanitarian aid to Yugoslavia in light of the U.N. sanctions against Belgrade.

The Duma also adopted a statement calling for an end to the genocide of the Serb people, and urging a safe evacuation of civilians from the war zone and humanitarian aid to them.

In their statement "On the Aggression of the Republic of Croatia and its Consequences," the deputies said that "there is no military solution to the Yugoslav crisis."

The lawmakers asked all warring sides to cease hostilities and begin peace talks. They also recommended the Russian Foreign Ministry to build its activity in the Balkans on the firm position repeatedly announced by Russian President Boris Yeltsin and reflected in the documents adopted by the Federal Assembly.

The Duma also called for an end to the boycott to the Bosnian Serbs and stressed the need to ensure their representation at all fora which decide the fate of the former Yugoslav republic of Bosnia-Herzegovina.

Duma Calls For State of Emergency in Chechnya

LD1208190095 Moscow ITAR-TASS World Service in Russian 1519 GMT 12 Aug 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 12 Aug (ITAR-TASS) — After a one and a half hour discussion initiated by Deputies Vladimir Zhirinovskiy and Stanislav Govorukhin the State Duma, at its extraordinary plenary session today, adopted a decision in accordance with which it proposed that Boris Yeltsin, the president of the Russian Federation, should consider the question of introducing a state of emergency in the Chechen Republic. The chamber also proposed that the head of state should set up a special commission to check the proper expenditure of funds allocated for the restoration of the economy in Chechnya and should take under personal control the activity of this commission.

The State Duma recommends that the president and Russia's Government should take effective measures to ensure the security of the people living in the regions bordering on Chechnya.

The chamber also adopted a decision to send to the Chief Prosecutor's Office of the Russian Federation, for investigation, materials of the Duma Commission for Studying the Reasons and Circumstances of the Emergence of the Conflict in Chechnya.

They will also be sent to the Federal Security Service of the Russian Federation as information. It was decided to publish these materials in full and give them wide circulation.

Duma Fails To Override Yeltsin Veto

LD1208164395 Moscow ITAR-TASS in English 1635 GMT 12 Aug 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, August 12 (ITAR-TASS) — The State Duma failed on Saturday to overrule Russian President Boris Yeltsin's veto on the law on the formation of the Federation Council.

At an emergency plenary session, only 282 deputies voted to leave the law unchanged. The Duma needed at least 300 votes to overrule the veto.

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This means that the Duma and the Federation Council will now have to work out a new version of the law. To this end, the Duma confirmed the powers of its delegation to the conciliatory commission, which also includes representatives of the upper house, to work out a new legislation.

Duma Overrides Veto on Constituency Law

LD1208111495 Moscow ITAR-TASS World Service in Russian 1017 GMT 12 Aug 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 12 Aug (ITAR-TASS) — The State Duma has overturned the Federation Council's veto on the law on the formation of electoral constituencies. At today's extraordinary plenary sitting, the chamber re-examined the law and confirmed its original decision by 350 votes; five deputies voted against, and two abstained.

The law on the formation of constituencies will now bypass the Federation Council and proceed directly to the president for signature. He is expected to give it "the go-ahead." The last hurdle to parliamentary elections this December will thus be removed.

It must be remembered that all legislative procedures must be completed before 28 August, otherwise the Central Electoral Commission will be obliged to maintain the old "demarcation" [narezka] system that operated at the parliamentary elections in 1993.

Chairman Rybkin Comments

LD1308151495 Moscow INTERFAX in English 1223 GMT 13 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 12 (INTERFAX) — The decision of the State Duma to override the veto of the Federation Council with respect to the decree on determination of boundaries of electoral districts guarantees "a 200-percent level of reliability" in observing demands of the Russia electoral legislation and ensures "legal purity" of the future elections. These were the comments of State Duma Chairman Ivan Rybkin on the decision of the parliament lower chamber which confirmed the previous edition of the decree on the districts' boundaries voiced in an exclusive interview with INTERFAX Saturday.

Rybkin plans to sign the prepared decision of the parliament lower chamber on Saturday evening and to immediately forward the decree to President Boris Yeltsin. Two weeks granted to the Russian president for the signing of the decree in line with the Constitution are to expire on August 26-27, Rybkin said, and the decree may be published in time.

In line with the decree On Elections of State Duma Deputies, the decree on districts' boundaries must be adopted 110 days before the elections which are appointed for December 17.

It will be possible to nominate candidates in one-mandate districts at the congresses of electoral blocs and associations only after the decree is published, Rybkin reminded.

Recent State Duma Decisions Summarized

MM1108144495 Moscow ROSSIYSKAYA GAZETA in Russian 11 Aug 95 p 7

[Unattributed report: "In the State Duma"]

[FBIS Translated Text] The State Duma has adopted a decree "On the Failure of the Russian Federation Ministry of Internal Affairs To Execute Laws on the Guarding and Transfer to Military Courts of Persons Under Detention." It notes inter alia that in accordance with Russian Federation legislation, Russian Federation Ministry of Internal Affairs internal forces and Russian Federation internal affairs organs should provide the manpower and resources to transfer persons detained in detention centers, prisons, and corrective labor colonies to their place of trial by a military court. However, the ministry is not carrying out this legal requirement and is essentially refusing to transfer these persons.

As a result, a situation is developing whereby the activities of military courts in the administration of justice in the Russian Federation Armed Forces and other military formations is being made dependent on the conveying of these persons to their place of trial by a military court, which is damaging the prestige of the courts and the judicial authorities in general, and is violating to a significant degree servicemen's and other citizens' rights.

The State Duma has proposed that the Russian Federation president examine the question of the execution by Russian Federation Ministry of Internal Affairs internal forces and Russian Federation internal affairs organs of their legal obligation to transfer detained persons to their place of trial by a military court.

Meanwhile the State Duma Committee for Legislation and Judicial and Legal Reform has been given the task of preparing a draft federal law "On Making Amendments and Additions to the Russian Soviet Federated Socialist Republic Code of Administrative Violations," which establishes that servicemen and internal affairs organs staffers are administratively liable for failing to execute judgments and for contempt of court.

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Having listened to and discussed Chairman of the Russian Federation Government V.S. Chernomyrdin's report "On the Socio-Economic Situation in the Country," the State Duma noted in an adopted decree that the main provisions of the Russian Federation Government's program for the "Reform and Development of the Russian Economy during 1995-97" had not been carried out during the first half of 1995. It was proposed that the government consider the proposals and observations made by State Duma deputies in the course of the discussion, and report its findings within a month.

Meanwhile, it was proposed that in implementing socio-economic policy in the second half of 1995, special attention should be paid to the unconditional implementation of the approved list of protected current expenses in the 1995 federal budget which must be funded in full; settlement by 1 September 1995 of all current budgetary debts for the first half of the year; improvement of the taxation system; implementation of measures for the population's social protection; stimulation of the spheres of material production and investment; support of the agrarian complex with a view to guaranteeing the country's food supply; and so on.

Having examined a report presented by the Russian Federation Government on the implementation of the 1993 Russian Federation republic budget, the State Duma resolved to take cognizance of it.

It was proposed that the Russian Federation Government iron out all the report's shortcomings and submit a draft federal law "On the Implementation of the 1993 Russian Federation republic budget" to the State Duma, and speed up submission to it of a report on the implementation of the 1994 federal budget.

Regional Affairs

Questions 'Unanswered' at 'Our Home' Session

MM1108134095 Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 95 p 2

[Report by Natalya Zagryadskaya: "December 12 Must Not Become 7 November"]

[FBIS Translated Text] Moscow Oblast — A scientific-practical conference of the Moscow Oblast "Russia Is Our Home" regional movement has been held in Krasnogorskiy Rayon. As you could tell from the context of the general discussion, the Moscow area members of "Russia Is Our Home" had decided to discuss the tactics of the election struggle. The fact that Government Head Viktor Chernomyrdin took part in it added the appropriate gravity to the meeting.

In his speech, Viktor Stepanovich immediately answered the question which he, as the movement's leader, is most often asked: Why do we need elections? After all, we have enough power already.

"We do not want 12 December to turn into the prologue to another 1917," Viktor Chernomyrdin stated. "Or for the country to move backward and for Russia to again become a test range for incomprehensible social experiments...."

We are not going to be building socialism, from what the prime minister and leader of the "Russia Is Our Home" movement said. Communism will evidently remain a specter, and capitalism a phase passed through by many countries.... The task of the "Russia Is Our Home" movement is to strengthen Russian statehood and democracy.

Anatoliy Tyazhlov, head of the Moscow Oblast Administration, expressed the conviction that the election struggle would not be easy, and he cited facts. Even now cases are known of future candidate deputies' being intimidated or being ordered to retreat. The shady individuals who are "running into" the candidates are well-known. Anatoliy Stepanovich expressed the hope that maybe, in time, their names will be published.

This in fact put those present on their guard. Why wait for a suitable moment to publicize the names of bosses of criminal structures which are pursuing power? Would it not be simpler to do this now, and then peacefully prepare for the elections? These questions were left unanswered.

Despite the high standard of the conference and its general constructiveness, it was nevertheless rather reminiscent of the famous party-economic aktivs. In those days every speaker, taking advantage of the opportunity, considered it his duty to ask for something for his own enterprise or collective. It was the same here: Some suggested that the prime minister and governor should pay attention to popular enterprises and science, while others complained that it had become more difficult to assemble buses at a plant near Moscow, or that there was a preponderance of foreign advertisements in Sergiyev Posad....

One way or another, some reconnaissance of the Moscow Oblast "Russia Is Our Home" regional movement before the second Russia-wide "Russia Is Our Home" congress, expected in August, did nevertheless take place.

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Ossetian Head Cited on 'Russia Is Our Home'

LD1308121595 Moscow ITAR-TASS in English 1207 GMT 13 Aug 95

[By Valeriy Shanayev]

[FBIS Transcribed Text] VLADIKAVKAZ, August 13 (ITAR-TASS) — The Russian public and political movement "Russia Is Our home" can become a genuine public movement if it is supported by the population, President of North Ossetia Akhsarbek Galazov, member of the movement's council, told an ITAR-TASS correspondent on Sunday [13 August].

Galazov took part in the movement's second congress as a member of the North Ossetian delegation.

According to Galazov, the movement "Russia Is Our Home" can consolidate the society, all those who stands for progress of economic reforms. Now, the society needs financial stabilization and agrarian reform to ensure social guarantees to the citizens, he said.

As concerns the activity of the North Ossetian regional organization of the "Russia Is Our Home" movement headed by North Ossetian Prime Minister Yuriy Biragov, it pursues tasks of local character, namely to pool efforts to come out of the long-lasting social and economic crisis and settle the situation in the North Caucasus.

The North Ossetian President also said that a regular session of the Association of social and economic cooperation between the republics, territories and regions of the North Caucasus will be held in Vladikavkaz on August 18. The agenda includes issues pertaining to the further development of the integration processes in the sphere of economy between the North Caucasian republics, territories and regions.

Russian Prime Minister Viktor Chernomyrdin, heads of a number of Russian ministries are invited to attend the meeting.

Kaliningrad Official Views Oblast Charter

WS1108130795 Kaliningrad KALININGRADSKAYA PRAVDA in Russian 26 Jul 95 p 2

[Interview with Gariy Chmykhov, first deputy head of the Kaliningrad Oblast Administration, by Yu. Tsvetkov; place and date not given: "Law and Charter Must Complement One Another" — first paragraph is KALININGRADSKAYA PRAVDA introduction]

[FBIS Translated Text] A special commission of the Kaliningrad Oblast Administration and the Oblast Duma has been working on the draft of the Kaliningrad Oblast charter for almost a year. Now the charter will be discussed among the region's residents and the public. An information service employee talks about this with G. Chmykhov, first deputy head of the Oblast Administration and co- chairman of the commission.

[Chmykhov] Frankly speaking, we were a little late with the draft's development: Many regions and oblasts of the Russian Federation are already living according to their "small constitutions." However, there is a certain positive moment in this delay: We were able to thoroughly review every section and tenet of that document, considering public opinion of all Kaliningrad residents. The first responses to the draft already appeared in KALININGRADSKAYA PRAVDA.

[Tsvetkov] Unfortunately, not all countrymen took the effort to thoughtfully read the two newspaper pages. I can tell this by numerous conversations. Some people even question the need for a home-bred "basic law." The reasons for such an attitude are, as a rule, evident: "We have the Russian Federation Constitution and we should observe it...." Do you want to argue with the authors of this sort of reasoning?

[Chmykhov] I both want and have to do this. The charter by no means contradicts the Russian Federation Constitution; it is to clearly define the legal basis of the region considering its specific features. This means a real pullback from former over- centralization, when the authorities did not care which region was at issue: Kursk or Magadan, Nakhodka or Kaliningrad — it was all the same. Geopolitical and other features were not considered. In this way, a local initiative was openly held in check. Currently, the scene has changed in many aspects: Decisionmaking has been divided among federal, joint, and regional authorities.

This is particularly important for us, because due to well-known circumstances, a number of constitutional sections are not observed in this region, including those stipulating the integrity of the economic zone, equal rights and freedoms of Russian Federation citizens, as well as inadmissibility of customs borders, duties, and fees that hinder free transfer of goods and services. A joint statement by the State Duma deputies' group, the Oblast Duma, and Administration — published in newspapers — reminds us about this once again.

After the charter's adoption, there will be the possibility to create an internal and regional legal basis. The draft encompasses a wide circle of problems, ranging from civil rights and freedoms to the basis of the oblast's economic system. The charter clearly strengthens the permanent membership of the oblast in the Russian Federation, as well as acknowledges the supremacy of the Constitution and federal laws.

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[Tsvetkov] It is common knowledge that the most crucial issue in drafting the charter was to divide powers between the two branches of power....

[Chmykhov] I treat very seriously, not to say passionately, the word "to divide," and I find a certain ambiguous implication in it. Only complete equality is logical and indisputable. Both representative and executive powers should deal with their respective work, preserving mutual respect and a peacefull environment. A similar position is by no means conformist. It is very good that the charter's draft rather exhaustively determines basic work directions of the two branches of power. The entire past experience confirms: Practical benefit is much bigger when the Duma and administration coordinate their activities and act together. This is fully proved, for example, by joint work on drafting the charter on Kaliningrad Oblast, and by mutual striving to make the central authorities understand the actual situation in the oblast....

[Tsvetkov] Since you have mentioned the federal law, tell me, how does it practically "coexist" with the regional charter?

[Chmykhov] Naturally, a certain link does exist here. The law, whose passage has been unexcusably delayed, is to expand the charter's frames, define relations of the central authorities to our unique region, and clearly define a governmental project of the region's development. Meanwhile, the charter effects the purely internal aspects of the oblast's life. Together, they are the two fundamental documents for us.

[Tsvetkov] Hence, it is important to meticulously polish the charter. Particularly since the published draft, judging by newspapers publications, invokes different responses.

[Chmykhov] No doubt. Even in the process of the commission's work, we were looking into two diametrically opposite positions. People had different opinions on the second paragraph of the 11th chapter, which envisioned elections of the oblast's top official by Russian Federation citizens residing in the region, and not by the Duma, as was suggested by an alternative draft. It seems to me that this approach is the correct one: Both the Duma and the head of the executive power need to be elected by the people, before whom they are accountable for their work.

There are many other issues on which we should seek advice from the people. For instance, the draft determines conditions terminating the plenary powers of the oblast's top official, but nothing of this kind is said about deputies. Even a formal issue at first glance — how to call the top official of the oblast — needs a final decision. Section 29 of the draft gives a double definition: Administration head (governor). Let the Kaliningrad residents say their mind on this subject.

[Tsvetkov] How can they do this?

[Chmykhov] First, the media will be a good public forum. In addition, the charter's draft is sent to all public associations, parties, local self-governments, accompanied by requests to organize its public debate. A special group is being created to study public opinion, and it will work together with the commission.

So, everyone will have an opportunity to speak "for" or "against" these and other tenets of the charter. It is important that there be no indifferent people.

Federal Border Service Chief Visits Kaliningrad

LD1408084495 Moscow Russian Television Network in Russian 0700 GMT 14 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] Kaliningrad region is the only region of Russia that is cut off from the rest of it by the land and sea borders of neighboring countries. To date these borders have not been clearly defined.

The region is now being visited by Andrey Nikolayev, director of the country's Federal Border Service.

[Begin Nikolayev recording, director of the Federal Border Service, identified by caption] With regard to the delimitation and subsequent demarcation of borders with Lithuania, I would certainly like this process to advance faster. But I believe that it has to advance naturally. No one — neither the inhabitants of Kaliningrad region nor our colleagues in Lithuania — should have any doubts that we have to look for solutions regarding the delimitation and subsequent demarcation that would meet the interests of the two states in the fullest possible way, without infringing upon those interests. [end recording] [video shows bridge, Aeroflot plane in an airfield, Nikolayev being welcomed on arrival by military, police, and civilian officials]

State Debts to Ural Defense Industry Cause Tension

MK1208070895 Moscow SEGODNYA in Russian 11 Aug 95 p 2

[Unattributed, untitled report from Chelyabinsk]

[FBIS Translated Text] The Russian Federation owes the defense industry enterprises in the South Urals over 230 billion rubles. This debt is continuing to grow. Until now, many leading enterprises in this sector have received no state order for this year. Enterprise

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heads are worried over rising social tensions. In the oblast administration's opinion, the tensions can only be removed or at least eased by appropriate measures taken at the federal level.

On 25 August 1995, the oblast Property Fund is going to put up at an open money auction 3.045 percent of the "Magnitogorsk Metallurgical Plant" joint-stock company's state-owned shares. It is expected that the block of 269,756 shares will be put up in one lot at an initial price of 5.395 billion rubles. In accordance with the auction terms and conditions, a winner should pay for the purchased shares within 10 days of the purchase contract being signed. All money received from share sales will go to the state.

Production Volume in Bashkiria Reportedly on Rise

MK1208070495 Moscow SEGODNYA in Russian 11 Aug 95 p 2

[Unattributed, untitled report from Ufa]

[FBIS Translated Text] A meeting of heads of republic [Bashkiria] administrative bodies and industrial enterprises was held in Ufa, with the participation of Bashkir President Murtaz Rakhimov and First Deputy Premier Oleg Soskovets, who was in the republic on a two-day working visit. The republic's prime minister, Rim Bakiyev, said at the meeting that in the first seven months of this year Bashkiria succeeded in stabilizing its industrial production. In his words, the total volume of production over this period amounted to 18.7 trillion rubles, or 100.9 percent of last year's figure.

Economic Issues

Provisions of Draft Tax Code Outlined

MM1408101095 Moscow ROSSIYSKAYA GAZETA ("Business in Russia" Section) in Russian 11 Aug 95 p 9

[Report by A. Yevgenyev: "Take a Look at the Tax Calendar and Pay. Finance Ministry Completes Work on Tax Code"]

[FBIS Translated Text] The draft should be submitted to the government in August. Given that the State Duma returns from its recess in early October, and that it will take a considerable amount of time to work through the document, the code will most probably not be in place before 1997.

There is an obvious need for this comprehensive document (it currently runs to more than 300 pages). And this is not merely because the current legal base has grown immeasurably and become diffuse (around 900 normative acts!), amendments counteract each other, and one explanation is amended by another, creating huge difficulties for work. The time has come to look at the tax system as an integral whole, to supplement tax law with the mechanisms it lacks, and to clearly prescribe many procedural details so as to remove any possibility of ambiguous interpretation.

We would note that we are not talking about a tax revolution. It would be more correct to talk about improving the existing tax system and bringing it more into line with legislation in the EU, of which Russia intends to become a full member. Deputy Finance Minister Sergey Shatalov believes that a major upheaval in this area would bury all our agreements with other countries on the avoidance of dual taxation. Russia would again be faced with the prospect of isolation.

So basic taxes remain as before, but it is planned to cut the overall number of them. The abolition of some is due to the fact that they duplicated each other and had a common tax base and the same taxpayers. Others were simply impossible to monitor. For instance, the tax on securities operations. It is planned to introduce a different procedure in this area — the registration of a new-issue prospectus will incur a state duty of 0.8 percent of the stated size of the issue. On the other hand, it will no longer be necessary to pay extra for buying or selling securities on the aftermarket. It is planned to abolish all taxes on gains [vyruchka]; these are good for the budget but create a multiplication effect and ultimately help to stoke inflation. Decisions have already been made to abolish the tax on above-normative labor remuneration funds and the special tax benefiting certain sectors. These too will be left out of the Tax Code.

In Shatalov's opinion, this kind of sequestration is aimed at reducing the tax burden for producers. But, in order to keep the budget in balance, offsetting measures will inevitably be required. The Finance Ministry is proposing to revise the system of tax breaks which, as has repeatedly been noted, are comparable to the federal budget deficit in terms of their size. The code does not permit privileges such as, for instance, those which have recently been enjoyed by sportsmen and the societies for the disabled, Afghan veterans, and so forth. There will no longer be such wholesale exceptions. The general rules for the provision of relief have been stipulated. But the number of possible concessions on each tax has been reduced. This innovation will probably not be to everyone's taste. For instance, servicemen, employees of the MVD [Ministry of Internal Affairs], the Customs Committee, and the Tax Police are currently exempt from income tax. The Code makes no exceptions for them. Certain reliefs that have been recognized as ineffective — in particular, for production and nonproduction capital investment — are being abolished. Shatalov explained that enterprises can also reduce their taxable

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profits in other ways — through deductions for depreciation. These are likely to produce considerable sums for investment if the depreciation system is simplified and legitimized on a larger scale than at present.

Naturally, the ultimate question is the division of powers between authorities at different levels. The Code enshrines a list of taxes at each level. But, whereas federal taxes are listed in detail — from A to Z, so to speak — only outlines of the regional and local taxes are provided and a certain amount of room for maneuver is available to the territories. On the basis of the boundaries that have been sketched out — covering maximum rates of taxation and the list of taxes — local and regional authorities will be entitled to choose whether to grant certain reliefs or to clarify the range of taxpayers, and so forth.

It is not hard to predict that the main arguments will be about rates. So far the Code has laid down the following indicators. For profits tax the federal rate is 15 percent, and the maximum regional rate is 25 percent — a total of up to 40 percent, or 5 percent more than at present. (We would recall, however, as Shatalov explained, that the tax on above-normative labor remuneration funds and all taxes on gains have been abolished).

A similar division is planned for individual income tax. The provisional rates will be 5-10 percent for the federal tax and not more than 25-30 percent for the regional tax.

As for VAT, it is planned to keep this at its previous level of 20 percent.

'Gazprom' Denies Company Takeover Plans

MM1008105595 Moscow IZVESTIYA in Russian 10 Aug 95 p 2

[Report by Yelena Yakovleva: "'Gazprom' Denies It Has Taste for Attractive Enterprises"]

[FBIS Translated Text] Reports have appeared recently that the "Gazprom" Russian Joint-Stock Company, which is acquiring property abroad, is also ready to buy interesting enterprises in other sectors back home.

Specifically, according to AFI, "Gazprom" aspires to acquire a controlling block of shares in the "Astrakhanneft" Joint-Stock Company. Moreover, the question of its acquiring a controlling block of shares in the "Rybinskiye Motory" Joint-Stock Company in order to organize the manufacture of gas turbines in its plants is drawing close to resolution.

Initially, "Gazprom" would only vouchsafe us the briefest of comments: It's nonsense. The chief accountant maintained that no such shares had been bought. Aleksandr Tsegelskiy, chief of the Shares Transaction Department, explained that this was impossible because it was illegal. Under the law on privatization, a joint-stock company in which more than 25 percent of the shares belong to the state is not entitled to purchase shares in other enterprises. Forty percent of "Gazprom" shares, however, belong to the state, so there can be no question of the acquisition of any controlling blocks of shares.

People at "Rosneft," under whose control the aforementioned Astrakhan joint-stock company remains for the time being, were also surprised at the report. Anatoliy Ivankin, deputy director of the department in charge of the commercial administration of securities, considered this unlikely: Such a decision would seem unduly illogical, in his opinion. "Rosneft" would like the aforementioned Astrakhan joint-stock companies to remain under its wing. Admittedly, rumors are circulating about plans to transfer them to the "Lukoil" oil company.

A decision on which enterprises will belong to which oil company is being made at government level. Unfortunately, in the opinion of those whose economic future is being decided, high-level decisionmaking gives no immunity against the influence of personal preferences coming into play or fortuitous signatures appearing on the necessary documents.

Any day now the government will finally announce the confirmed structure of key Russian oil companies, but for the time being everyone is seeking to obtain a situation which gives them a better position and a bit more scope. If the Astrakhan joint-stock companies go to "Lukoil," a party to the agreement on the exploration of the Caspian shelf, this will annoy "Rosneft," but it will at least be logical even in the eyes of its workforce. But the appearance of "Gazprom" is like the appearance of a wolf in a clearing where two dogs are fighting over their prey.

Nevertheless, as Iosif Isilchik, deputy chief of "Gazprom's" Main Administration for Economic Efficiency, informed us, his department has presented an economic report on the advisability of acquiring shares, but only shares in the "Astrakhannefteprodukt" Joint-Stock Company, not the "Astrakhanneft" Joint-Stock Company. In his opinion, this is justified by the fact that the motor engine fuel for the latter joint-stock company is produced at the Astrakhan Gas Condensate Complex.

The illegal nature of such a transaction can be easily overcome, sidestepped, the shares being purchased not by "Gazprom" but by one of "its" enterprises.

It was intended to sell in this way the controlling block of shares in the "Rybinskiye Motory" Joint-Stock Com-

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pany, which belonged to the state before this and was under the control of Goskomoboronprom [State Committee for the Defense Sectors of Industry], to one of "Gazprom's" joint ventures. According to Yaroslavl Oblast Governor Anatoliy Lisitsin, Goskomoboronprom invested nothing at all in "Rybinskiye Motory" for three years, so the controlling block should perhaps have been taken away from it. But "Gazprom's" firm intentions have not pleased everyone. The manufacture of aero-engines, and the Rybinsk enterprise supplies virtually the whole of the country's military air transport and around 60 percent of the civil aviation fleet with them, could be scaled down, and the production capacities switched to the production of gas turbines, which are what interests "Gazprom."

Having once again run into the palpable opposition of rivals from the defense department and the local authorities (the latter deemed it sensible to reduce the size of the block and leave 17 percent of the shares in trust ownership [v doveritelnom upravleniyi] in the sphere in order to seek a real investor with real income), "Gazprom" signed merely a protocol of intent on cooperation in the production of the gas turbines which interest it.

But the premier meanwhile has signed a decree whereby the aforementioned controlling block of shares (37 percent) in the "Rybinskiye Motory" Joint-Stock Company is put out to tender.

Who will buy "Rybinskiye Motory" is guesswork for the time being. As, incidentally, is the question of who will get the Astrakhan oil joint-stock companies.

Reduced Levies Proposed on 'Gazprom's' Profits

MK1208111895 Moscow SEGODNYA in Russian 11 Aug 95 p 1

[Report by Rustam Narzikulov: "Fiscal Pressure on 'Gazprom' Has Been Eased Down to $300 Million"]

[FBIS Translated Text] According to information received by SEGODNYA from government sources, a team of experts has completed an audit of the "Gazprom" joint-stock company and has made its proposals on changing the gas industry taxation mechanism.

Let me remind you that about a week ago the top management of the Economy and Finance Ministries and the aide to the Russian president on economic affairs said that there may be a rise in the excise duty for gas sales (from 25 to 35 percent) and export duties (from 2 to 5 ECU's per tonne), and the "Gazprom" stabilization fund, being formed at the expense of the difference between export and domestic prices, may be abolished.

The company leadership expressed its disagreement with such methods of covering the budget deficit at the expense of just one — even the largest — corporation in the country (see SEGODNYA of 8 August 1995).

The government experts who conducted the "Gazprom" audit and held consultations with the company's fiscal officers came to the conclusion that some changes in relations between the company and the budget were indeed possible, although not on such a radical scale as followed from the statements made a week ago.

In the experts' opinion, there may be two ways of adjusting taxes without a detriment to the investment and reproduction process in the company. The first one is to indeed raise the excise duty, but to 30 — not 35 — percent, with the present export rate of 2 ECU's retained. According to an estimate made by SEGODNYA (which is rather rough), this will give an additional $260-280 million to the budget in the latter half of the year, but "Gazprom" will save the $670 million which the company would have to pay out if the export duty was raised to 5 ECU's.

The second alternative suggested by the experts is to raise the excise duty to 35 percent, but to abolish export duties altogether. This adjustment (concerning the excise duty) will cost "Gazprom" $500-520 million — the amount from which "export duty gain" is yet to be deducted. This gain, as estimated by SEGODNYA, will stand at about $200 million. Therefore, the budget's net profit will reach about $300-320 million — that is, almost the same as in the first case.

The experts admit that "it will hardly be possible to get more out of 'Gazprom'" without inflicting considerable damage to gas production and transportation. From the budgetary viewpoint, it will be equally pointless to give up the mechanism used to index growing gas prices in rubles (according to some sources, such proposals have been submitted to the government) since the freezing of prices will diminish excise revenues to the budget.

In the experts' final document there are no proposals regarding the abolition of "Gazprom's" stabilization fund (SF) either — at least in the latter half of 1995. This may, however, annoy the International Monetary Fund, which was informed by a deputy finance minister in March that "there is no SF anymore."

Thus far, there has been no information on the government's reaction to the expert team's proposals, but, in all probability, the final decision on the degree of harshness of fiscal measures with respect to "Gazprom" will be made by its former head — Viktor Chernomyrdin.

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Oil Companies Find Difficulties Using Foreign Loans

MK1208120695 Moscow KOMMERSANT-DAILY in Russian 11 Aug 95 p 9

[Report by Galina Pechilina: "Foreign Money — Thorn in the Side for Oil Industry Companies"]

[FBIS Translated Text] As KOMMERSANT-DAILY reported earlier, the receipt of a $2 billion rehabilitation credit granted last September to Russian petroleum-extracting companies by the Societe Generale Bank and Citibank under the guarantee of the U.S. Eximbank has run into unforeseen difficulties. Use of the credit turned out to be problematic for some of the structures, as they were doubtful of the possibility of reimbursement. "Tatneft," for which $269.9 million was earmarked, was among them. This year, the joint-stock company announced its intention to put to use only one-third of the aforesaid amount under the new program for implementation of oil well repair, which was what the funds had been actually provided for.

The credits assigned to "Tatneft" under the guarantee of the U.S. Eximbank had to be used to put into operation the non-activated oil wells at the Romashkinskiy, Novoyelkhovskiy, and a number of other oil deposits in Tatarstan. The funds were supposed to facilitate the restoration of 2,700 oil wells, thanks to which an extra 12.4 million tonnes of oil are to be extracted. The credit, however, has not been claimed yet.

According to Eduard Akopdzhanov, the "Tatneft" joint-stock company deputy director general, this was caused by the recent changes in working conditions on the Russian market (abolition of customs privileges for oil exports and the importation of equipment, and the replacement of export quotas by a fixed share of output), which made timely reimbursement impossible. In view of these changes, "Tatneft," without rejecting the project, developed a new program for its implementation. The program provides for an almost threefold reduction in the loan amount. Since, according to current regulations, out of 12.4 million tonnes of oil extracted from the rehabilitated wells, only 35 percent will be liable to export, it is only to the value of this oil that the necessary equipment will be purchased in the United States. The rest of the oil (about 9 million tonnes) is supposed to be sold on the Russian market and the proceeds received are to be expended on purchasing national equipment for petroleum industry. Thus, a part of the oil wells will be restored owing to hard currency proceeds, and a part owing to ruble proceeds.

Mr. Akopdzhanov said that a detailed application for the U.S. Eximbank is being currently worked out, which substantiates a new credit sum and provides a schedule for putting the wells into operation. If the bank's board accepts the proposals of "Tatneft," the credit line can be started as early as September or October.

Caspian Plan Approved; Northern Plan Rejected

MK1208115695 Moscow SEGODNYA in Russian 11 Aug 95 p 2

[Report by Svetlana Lolayeva: "Rise in the Level of the Caspian Sea Will Be Countered With a Program. State Committee for Nationalities Will Have To Do More Work on Northern Development Program"]

[FBIS Translated Text] The consolidated state program for economic and social development of the North submitted by the State Nationalities Committee was rejected at the government's session yesterday [10 August]. According to Vladimir Kuramin, deputy minister for ethnic and regional policies, the North accounts for two-thirds of Russia's territory: 29 regions, from Murmansk to Sakhalin. Despite the fact that the natural resources of the country are mostly found in its northern regions — 92 percent of the oil, 95 percent of the gas, and virtually 100 percent of the gold and diamonds — the areas, according to Mr. Kuramin, are not going through the best of times. The deputy minister said that the program submitted by the State Nationalities Committee was supposed to combine the current targeted programs for the North with a number of federal ones also dealing with northern regions and to create mechanisms for their implementation. The government, however, did not agree with the conception proposed and charged the State Nationalities Ministry, together with the Economics Ministry, with responsibility for finalizing the program in a month's time and detailing with more accuracy the division of responsibilities between federal and regional bodies of power. Most likely, only basic directions for the economic development of the North will be drawn up, in addition to which independent regional programs will be passed, Mr. Kuramin said. The cost of all these programs, extending to the year 2000, is 120-129 trillion rubles. Only 30 percent of the cost is backed by the federal purse; the rest is to be funded out of regional sources.

The same session approved the federal targeted program on solving social, economic, and environmental problems arising from the elevation of the level of the Caspian Sea. Anatoliy Guzhevin, Astrakhan Oblast head, said that the program reflects a "minimal optimum" level of indispensable measures. Scheduled until the year 2000, the program will cost the budget 16-17 trillion rubles. Having voiced his satisfaction with the approval of "The Caspian Sea" program, Mr. Guzhevin,

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however, expressed his regret over the "sluggish" international policy pursued by Russia in the Caspian region. The vagueness of the Caspian Sea's status after the collapse of the USSR, in the governor's view, may result in the years to come in a loss by this country of a source of immense biological resources and raw materials.

Banks Want State-Owned Shares in Pledge, Not Trust

MK1208112895 Moscow SEGODNYA in Russian 11 Aug 95 p 2

[Report by Valeriy Musin: "A Bank Consortium Wants To Receive State-Owned Shareholdings in Pledge, Rather Than in Trust. The Government Fears That This Could Strip the State of Some Property"]

[FBIS Translated Text] A consortium of commercial banks which has offered its funds for credits is counting on receiving state-owned shareholdings of privatized enterprises in pledge, rather than in trust.

Originally, the banking consortium proposed to the government that shareholdings of the enterprises that were to remain state-owned for a certain period of time be given to it in trust. By the end of summer, however, while finalizing the corresponding agreements, the bankers' initiative was somewhat adjusted: It says now that the shareholding is to be given in pledge. "A member of the consortium's expert group," cited by INTERFAX, explains the reason for the change in the wording by "the lack of appropriate rules for trust operations" and points out that in this case "it is of no fundamental significance." According to the INTERFAX source, the consortium intends to activate its work to have the agreement signed.

Yesterday, however, according to AFI [Agency of Financial Information], "Inkombank" announced that it was leaving the consortium, "being concerned about the uncertainty regarding the distribution of shares among the consortium members," where ONEKSIM-Bank seems to be playing the key role. "Inkombank" also noted a lack of credit funds due to the "worsening of the situation on the country's credit and financial market."

At the same time, a high-level official in the Russian Federation government apparatus told the agency that the government disapproved of the consortium's suggestion to replace trust with pledge. In the apparatchik's opinion, there are fears that if the credit (about 9 trillion rubles) — which is supposed to be repaid by selling the pledged shares — is not returned to the consortium, the ownership right for these shares will be transferred to the banks. In addition, according to the source, the government fears that "while the shares are in pledge, the banks may bring the enterprises to a financial crisis, and we will not be able to receive the amount necessary to repay the credit by selling the shares."

However, independent experts analyzing the situation on the Russian share market believe that the pledgees will hardly want to diminish the pledge value artificially because, under the consortium scheme, they are interested in a growth of share prices. In other words, bankers (if the "in-pledge" agreement is signed) have no reason to bring the enterprises to a crisis so as to receive them (in a critical condition) as property.

Bankrupt Enterprises To Be Sold Whole

MM1108154495 Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 95 p 1

[Unattributed report from the "Corridors of Power" column: "Debtor-Enterprises Will Go Under the Hammer"]

[FBIS Translated Text] On Wednesday the government Commission on Nonpayments approved a decision to sell debtor-enterprises "as a single entity, with the maintenance of the enterprise as a corporate body." The commission session, chaired by Anatoliy Chubays, back from vacation, examined the proposals of the Federal Service for the Insolvency and Bankruptcy of Enterprises and judicial bodies designed to improve the "legal procedure when deciding questions on arrangements concerning applications to confiscate the property of debtors."

Court Executors Unable To Satisfy Nonpayment Claims

MK1108123895 Moscow SEGODNYA in Russian 10 Aug 95 p 2

[Report by Svetlana Lolayeva: "Nonpayment Claims Are Growing in Number. Bailiffs Are Unable To Execute Arbitration Court Writs"]

[FBIS Translated Text] Yesterday [9 August], the Russian Federation government task force for improving the system of payments discussed at its meeting how enterprises' claims concerning debts and nonpayments are being considered. According to Oleg Baykov, first deputy chairman of the Russian Supreme Arbitration Court, the number of nonpayment claims is growing. Over the first six months of this year, 64,000 cases were considered, as against 9,000 cases last year. This is due, in particular, to the fact that the court application procedure has been simplified and the state litigation fee to be paid by a claimant reduced — although there are still numerous complaints of its being too high. However, since all the fees go to the state budget, the problem of the size of the fee, in Mr. Baykov's opinion, should

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be resolved by the Finance Ministry. As for the law on state fees, approved by the State Duma on the first reading, it should provide for the possibility of deferring and spreading out fee payments.

Many creditors are also dissatisfied with the length of time — about one month — that a claimant has to wait before a nonpayment case is considered. Oleg Baykov thinks, however, that the suggestion to cut it to 10-15 days is absurd. In his words, as a rule, the claims that are indeed satisfied are those for basic debts and, much less commonly, those for penalties. The most acute problem, however, is the execution of court writs. According to the Arbitration Court deputy chairman, legislation largely lags behind reality. Great problems arise when trying to recover money from accounts, since many enterprises have several accounts. Equally, there is no sense in making decisions to seize a debtor's property, since only criminal structures are able to do this.

In the opinion of Petr Mostovoy, director of the Federal Directorate for Insolvency/Bankruptcy, there is now a technically simple procedure for making a claim to property. This should be done by a court executor as soon as a bank says that an enterprise has no money in its account. However, Mr. Mostovoy confirmed Mr. Baykov's opinion that this can really be done only if the claiming organization is "strong." As for the capabilities of the court executors, who are supposed to execute arbitration court writs, these are very limited, judging from what was said by Vladimir Kuzmin, first deputy justice minister. In his words, documents make their way to court executors only when all visible sources that can satisfy a claim have been exhausted. Since the executors, as Mr. Kuzmin put it, are mainly "Girl Scouts and pensioners" (students and pre-retirement-age women), who used to deal only with recovering alimony, their work with commercial banks is not going too well — the banks "do not let them in." Therefore, they are able to satisfy not more than one third of all claims. For this reason, as the deputy justice minister stated gloomily, whatever law on execution proceeding might be adopted, it will not be able to solve the nonpayment problem.

Summarizing the nearly three-hour discussion, Vice Premier Anatoliy Chubays said that the current situation cannot be changed radically. The resolution adopted by the commission proposes to consider the appropriateness of reducing the arbitration court state fee and strengthening the institution of court executorship. The state tax service is obliged to provide executors with information on debtor enterprises' accounts, and the Justice Ministry is advised to issue a regulatory instrument lifting restrictions from the types of property to which claims can be made.

Monthly Inflation Rate To Be 2-3 Percent in 1996

LD1108171795 Moscow ITAR-TASS in English 1427 GMT 11 Aug 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, August 11 (ITAR-TASS) — According to the Russian Economics Ministry forecast, the monthly inflation rate in Russia next year will range between two and three per cent. The lower and higher limits of inflation are related to two different versions of the economic forecast prepared by the Ministry, Russian Economics Minister Yevgeniy Yasin told ITAR-TASS on Friday.

Which of them will be reality for Russians next year depends on whether the State Duma endorses the 1996 draft budget, the minister said. The draft has been referred to the Russian President to be endorsed and will be in the lower house of parliament not later than next Monday.

The main version of the forecast envisaging that the rouble depreciation rate will be no more than two per cent a month "precludes the possibility of marked changes in the political situation in near future, which makes financial stabilisation by late 1995 quite real," Yasin said.

The second version will apply if legislative and executive authorities pass decisions slowing down the achievement of quite rigid guidelines of the government programme for social and economic development of the country in 1995-1997. As an example the economics minister pointed to the danger of putting off the lifting of tax and customs privileges, the preservation of subsidies to inefficient enterprises and non-acceptance or delay with other decisions envisaged by the government programme.

Meanwhile, the continuation of an austere financial policy next year, specifically cutting the deficit of the state budget to four per cent and the refusal to cover it by issuing more money will, in some ways, make things easier for entrepreneurs and citizens.

Thus, the minister said, it is planned in 1996 to ease the burden of taxes through abrogating the special tax and the tax on surpassing the pay fund, and by decreasing tax on Russian citizens with low earnings. On the whole, the procedure of tax collection will be simplified, which will enable enterprises to save on accounting measures. There will be stringent control for pricing of goods and services of natural monopolies. Gazprom, railways, communications, energy, etc).

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The share of expenditures for social needs will be increased next year as compared with the 1995 budget, the minister said.

Under the first version, the average monthly pay will reach 693,000 roubles (as against 525 this year). It will be 837,000 roubles under the second version, with the subsistence wage being, respectively, 400,000 roubles (under the first version) and 650,000 roubles (under the second).

The lower inflation rate resulting from the observance of the austere financial policy envisaged by the budget will possibly lead to a higher unemployment rate, Yasin said. According to the Economics Ministry forecast, the number of officially registered unemployed may reach four million (the first version) as compared to 3.5 million (the second).

A steady and consistent reduction of inflation will enhance stability of the economic situation and will make it more predictable. In addition to the overall invigoration of the economy it will be unprofitable for enterprises to delay payments to one another, the minister said. This will undoubtedly lead to the decrease of the arrears in wages, one of the main problems of Russia's present-day social and economic life.

Customs Granted Extra Powers To Track Currency

MM1108144695 Moscow ROSSIYSKIYE VESTI in Russian 11 Aug 95 p 1

[Unattributed report from the "Corridors of Power" column: "Customs: Control over Return of Currency Stepped Up"]

[FBIS Translated Text] The Russian State Customs Committee has made changes to the procedure governing control over the receipt of currency earnings from the export of goods. The Russian State Customs Committee instruction registered at the Russian Federation Ministry of Justice points out the need for the mandatory transfer of all currency earned from the export of goods to accounts in authorized banks, which henceforth becomes a requirement of customs procedures. Thus, along with the State Tax Service, the right to exercise currency control over the movement of capital (including the right to apply appropriate sanctions) is now granted to the customs service.

Minister Nazarchuk Cited on Agricultural Issues

MM1108133695 Moscow PRAVDA in Russian 9 Aug 95 pp 1, 2

[Interview with Aleksandr Nazarchuk, minister for agriculture and food, by Yuriy Dyukarev; place and date not given: "Without State Support the Countryside Cannot Be Rescued From Its Spiral of Decline" — first paragraph is PRAVDA introduction]

[FBIS Translated Text] Aleksandr Grigoryevich Nazarchuk, Russian minister for agriculture and food, has very tired and sad eyes. I ask:

"How many hours a day do ministers work these days?"

[Nazarchuk] I get into this office at 0810 and I do not leave before 2100. I work 12-13 hours, but I still don't get everything done. If something needs to be prepared or thought over, naturally the evening hours, holidays, and days off must be used for this.

[Dyukarev] How much does a minister earn?

[Nazarchuk] You know how much State Duma deputies get?

[Dyukarev] They get 572,000 rubles [R] plus overtime for irregular hours and a length-of-service bonus....

[Nazarchuk] I get the same. Everyone knows that deputies and ministers were made equal in this respect by decision of the State Duma.

[Dyukarev] Incidentally, on the subject of money. According to the data of the Russian Academy of Sciences, 40 percent of young people are ready to get hold of it at any price. Is this figure any less in the countryside?

[Nazarchuk] Nowadays everything is confused. The only difference is that in the countryside a man has less opportunity to find a job than in the city. If a man is out of work, it is for a long time. The only thing that might hold him back is the specific nature of peasant life. In the countryside everyone knows everyone else. Often, as the saying goes, down to the seventh generation. While a man is among his fellow countrymen, he is forbidden to earn money by any means. Not for nothing is it said that the countryside and the peasant constitute the moral fountainhead of the people.

[Dyukarev] A slogan with which, I understand, the Agrarian Party of Russia [APR], of which you are a member, is going into the parliamentary elections? But what kind of economic program do you have?

[Nazarchuk] We are a party of sensible people and do not intend, say, to wash our boots in some ocean or other [reference to Zhirinovskiy's vision of Russian soldiers "washing their boots in the Indian Ocean"]. The object of our concerns, the source of our pain and insomnia, is the agro-industrial complex, its people and economic potential, the conditions for its operation in the new property parameters, the place and role of food on the table of the Russian people. We are in favor of

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state regulation of agro-industrial production, and in this we differ from the other electoral blocs, including the "Russia Is Our Home" movement. Regulation, not as nomenklatura pressure or dictating by imperious will where to till and when to sow, or to whom to tug the forelock, but as the definite responsibility of the state toward itself for this sector of the economy. We submitted to the government the Law on the Regulation of the Agro-Industrial Production, which has been examined by the State Duma at its first reading. What are the arguments for this law?

The most market-oriented countries of all market-oriented countries do this. They understand that the agro-industrial complex is a shop floor under the open skies. A whole range of insurmountable, objective factors operate here — climate, soil, water and air conditions. There is no getting away from them. Especially for us, in Russia, with its territory and huge diversity of geographical areas and climates. Add to this the fact that the sector is extremely material- and energy-intensive and that the return on capital investments is very low. And you will understand: This is no ambition on the part of a single party, but the pressing condition of the survival of the peasant, and that means, Russia itself. If we are really for the market, for its use in our conditions, I would apply to the agro-industrial complex the EEC model — in the sphere of quotas, pricing, subsidies, compensations.... That is in fact exactly what is meant by regulation.

[Dyukarev] All the same, the central question is that of land?

[Nazarchuk] A highly complex question. It agitates everyone. We proceed on the premise that land today is effectively under private ownership, being the object of joint jurisdiction of the state and the federation components. We are in favor of the land belonging to those who work it, and at no event becoming a subject of speculation, that is, of sales regulated by nothing and no one. Our goal is legislation that on certain basic principles — quotas and ceilings on the use of land in private ownership, lease conditions, and so forth — allows the federation components to adopt their own legislative acts and regulate these processes.

[Dyukarev] I hope that this exhausts the list of your disagreements with your opponents?

[Nazarchuk] No. Every country protects its food market. No country is as open as ours. Modifications are needed. Naturally, not at the cost of making the diet of Russians worse. So the APR should not be accused either of wanting this, or of lobbying for its own interests, as is now being done as regards the new customs duties. Though such regulation is a civilized means of defending the home market from the uncontrolled importation of food. After all, these duties were reduced by only a tiny amount: 7 percent on meat, and 5 percent on the rest. Just for show, as a political step. But if you approach the problem in a principled way, we should seriously regulate our domestic market, nor is there any reason to import what Russia has the power to produce itself.

[Dyukarev] Will we indeed not buy grain from abroad this year?

[Nazarchuk] From the state's point of view, that is unlikely. No money has been pledged. But the regions could buy grain. The grain market in Russia this year is very difficult. There are territories which do not have any grain at all for their food needs.

[Dyukarev] Therefore, when Vice Premier Aleksandr Zaveryukha rules out grain imports, he means only the state sector?

[Nazarchuk] Yes. The state does not intend to purchase grain. There is no money for this in the budget. But if, for example, Yakutia does have the money, we cannot prevent it from doing so. Although I should say directly: The price of bread grain on the world market nowadays has risen incredibly: to $180 per tonne. I can remember nothing like it. We definitely need to satisfy the needs of the federal food fund, at least within the envisaged limits. Otherwise the situation will be critical: We are not giving money to the food corporation for these purposes, but tradesmen have plenty of money — they buy up bread at the current, internal prices, and offer it to us a little later, but at world prices.

[Dyukarev] What might those prices be by the end of the year?

[Nazarchuk] You see, in accordance with the law we define the minimum guaranteed prices. In the third quarter they were indexed to take account of inflation at up to R470,000 per tonne. That is around $100. However, grain from the new harvest is already being threshed. And its price has shot up to R600,000-R700,000.

If what I am talking about happens, prices will rise. And, God forbid, if the ruble-dollar currency "band" comes to an end and we do not manage to hang on while world prices remain unchanged, allowing the dollar to rise against the ruble, a tonne of grain on the internal market could reach R1 million.

This is why I am so sensitive on the subject of the stock levels of the federal food fund. Especially since this store is primarily for special consumers — for "northerners," Moscow, St. Petersburg, and various

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special contingencies. Grain must be purchased, but we do not yet have the money.

[Dyukarev] And what are the prospects for the harvest?

[Nazarchuk] In almost 30 oblasts on which the drought has left its mark we will gather 12-15 million tonnes less grain than last year'a level. At the moment favorable weather conditions obtain in Siberia. Thanks to this we can rectify the imbalance in bread grain. But we must prepare ourselves for the harvest properly. I think that the figure which is everywhere quoted as the official figure — 75-77 million tonnes of grain — is realistic. Though we still have to fight to achieve it.

As for the crops of the second half of the summer, so to speak, weather conditions for them are more or less favorable. I hope that beet, corn, and sunflower will be better than last year. Incidentally, in order to rectify the grain imbalance, we are elaborating substantial measures to encourage farms which manage to turn feed corn into grain corn by extending the vegetative period.

[Dyukarev] Did I understand you correctly: You are for the stabilization of the currency ruble?

[Nazarchuk] It is the agro-industrial complex that suffers first and foremost from inflation and the unchecked growth of the dollar exchange rate. Therefore, from the very beginning I have insisted that the state keep this under control. "Black Tuesday" and other such upheavals are to the benefit only of those who engage in currency deals. The stabilization measures of the government and the Central Bank can only be welcomed. Provided that this regulating mechanism does not fail. Then we would be in big trouble.

[Dyukarev] What is your attitude to the Central Bank? And to the policy which it is pursuing? And to the candidacy of Tatyana Paramonova, whom the Duma has yet again turned down?

[Nazarchuk] I will say honestly, even though it was a secret ballot: Last time I voted for her appointment. The APR faction, on the contrary, did not support her. My reasons? You know, it is very bad in practical terms that there has been no chairman of this highly important structure for such a long time.

I want the chairman of the Central Bank to understand what we are talking about. There exists a theory of the nosedive. When you have fallen into it, you cannot get out without intervention from outside. The same goes for the agro-industrial complex. It cannot get out of its spiral of decline without credits regulated by the state through interest rates. Society must redistribute financial and material assets in favor of this sector of the economy — irrespective of who is the minister in this sector: Nazarchuk, Ivanov, Petrov, Sidorov. This is an objective, urgent need, to save society itself.

[Dyukarev] What should the priorities be here? In particular, in the line of finances and banks?

[Nazarchuk] The agro-industrial complex is above all a seasonal production process. You have to invest in it all year round — and you only receive the output once. All financial and banking policy and the policy on credits, prices, and payments must proceed on this premise. What we do not manage to do today is no longer necessary by October-November. The quarterly breakdown of the budget acquires exceptional importance: If it is needed today, then give it today.

The majority of State Duma deputies voted to transfer R1 trillion of budget money from the third quarter to the second. People understand what is what. This money is recorded in the law on the budget. It is there on paper, but not in real life. They say: There is a shortage of funds. But if you are constantly talking about the 1995 budget levels, saying that this year the budget will finally be fulfilled, then you must assume the responsibility for supporting the agro-industrial complex until money appears in the budget, and, in the final analysis, give us a loan until last year's loan, issued for purchase purposes, is paid back. When it is paid back, put the money back where it belongs. At least then the grain will be ours. It must, I repeat, be purchased immediately. Today. Right now. Tomorrow will be too late.

[Dyukarev] The 1996 budget, which is currently being "cooked up" in the government, will not offend peasants?

[Nazarchuk] We, the APR, are right now — before the Duma, actually in the government itself — advocating that the agro- industrial complex be granted equal conditions with other sectors. If R13 trillion are envisaged for the agro-industrial complex for this year, and the deflator — that is to say, the coefficient by which the 1996 budget is recalculated in terms of the 1995 budget — is 1.32, we say: We will not ask anything special for ourselves, we understand that things are difficult for everyone; maintain support at its 1995 level at the corresponding prices. For this the R13 trillion must be multiplied by 1.32.

[Dyukarev] How is the Agro-Industrial Bank doing? Does it have branches at local level? What is happening with these processes in the heartland in general?

[Nazarchuk] You know, if our mentality and the mentality of shareholders was a little better, it would be possible to operate without problems. When I was head of the Agro-industrial Bank Council, I insisted that these

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councils extended to rayon level. They operate to this day as the supreme organ of administration in every department of the bank.

[Dyukarev] That is to say?

[Nazarchuk] These rayon councils decide who heads the bank, what the material remuneration should be, and so forth. The same happens at kray level.

As for the Agro-industrial Bank, the allocation of centralized credit resources by the Central Bank at a colossal rate of interest, and, consequently, the inability of peasants to repay these credits, has placed it in difficulties. We have still not refunded around R1.5 trillion levied by the Central Bank from the Agro-Industrial bank. Not only has the situation become more complex, there are also new "trends" as well: Under the flag of the law on the deferment of credits and the payment of credits by installments, in a number of cases the regions are refusing to give guarantees. However, the Agro-Industrial Bank is one of the most stable in Russia, partly through attracting public investments and clients from outside the agrarian sector. The only thing that it needs is the introduction of civilized management of the bank by shareholders at rayon level.

[Dyukarev] What is the percentage of the agro-industrial complex that has been privatized? What is your opinion of this process?

[Nazarchuk] Not counting private ancillary farms, 90 percent of agricultural production is produced in the nonstate sphere — in joint-stock societies, partnerships, and collective farms. The land and the property in them have been shared out, that is, privatized. The only nonprivatized agricultural producers are training centers, seed selection stations, and pedigree farms.

Whether this was done correctly is another matter. Take a look at the minutes of the Supreme Soviet and the Congress of Russian People's Deputies. Even then I was saying that to privatize processing and service enterprises was a huge mistake. Now state monopolism has been constricted, and its place has been taken by collective selfishness. By losing raw material zones and production, we have reduced the production of food, and staked the whole country on the construction of small, frequently low-technology, enterprises.

[Dyukarev] And what about the APR's clashes with State Duma Speaker Ivan Rybkin?

[Nazarchuk] This is a very painful question for me. Ivan Petrovich and I have known one another for a long time. At the last session of the party's board we seemingly agreed on everything — [he must go into the elections] without the APR and that's the end of it.

[Dyukarev] But perhaps he understood this in his own way?

[Nazarchuk] I would not like to give an assessment right now. I can say only that it is not good to change one's policy and convictions every day.

[Dyukarev] Aleksandr Grigoryevich, do you remember those stories which began: "If I were a minister...?" Well, now you are a minister. What do ministers dream about?

[Nazarchuk] I have been in this office for 10 months. Perhaps it rather early to be drawing conclusions. However, I will say that there is nothing terribly attractive about it. Especially in times as difficult as ours, and in such a sector as this.

What would I like to do? Right now I have every opportunity in the ministry to do what I consider rational. But it is not so simple. Take cadre problems, even at deputy minister level. There is no specialist on mechanization and electrification at ministry level.

But in principle my dream is that everything of which I have been speaking should come true, that society should understand a truth not invented by us: If the peasant is fine, the state is fine too.

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International Affairs

UN Ambassador Zlenko Interviewed on Foreign Policy

WS1408095195 Kiev INTELNEWS in English 2249 GMT 13 Aug 95

[FBIS Transcribed Text] Fifty-seven-year-old Anatoliy Zlenko has been a member of Ukraine's foreign policy establishment for the past 28 years. Zlenko became foreign minister of what was then the Ukrainian Soviet Socialist Republic in 1990, eventually serving as the independent country's first foreign minister before being appointed in 1994 by President Leonid Kuchma as Ukraine's ambassador to the United Nations.

IntelNews spoke recently to Zlenko concerning Ukraine's relationship to the rest of the world. Discussion ranged from the cost of the peace-keeping services Ukraine provides to the United Nations to the country's relationship with NATO and its attempt to redefine its foreign and military doctrine in the face of changing world realities.

The following are excerpts from this interview.

INTELNEWS: How much money does Ukraine receive for its peacekeepers?

ZLENKO: There are appropriate calculations which are equally applied to both Ukrainian and other peacekeepers. For instance, there is a series of paid services for peace-keeping operations. First of all, it is machinery. Secondly, it is wages that, let us say, officers or men who are in this region receive. And there are some other things, air flights and so on. That is, a normal payment is carried out according to the prices which are set for all the peace- keeping troops.

INTELNEWS: And what is the amount?

ZLENKO: It is difficult to say now. I think that, during the time we've been in the territory of Yugoslavia, perhaps more than US$ 20 million was remitted to Ukraine through different channels. I think so. I may be wrong because I have no updated figures, but, let us say, by the end of last year or by March, the figure was something above US$ 20 million. Now it may be already US$ 25 million. I am not able to name the final figure.

INTELNEWS: Does any of this money go toward repayment of Ukraine's debt to the United Nations?

ZLENKO: No, this has no connection, I would like to say. The case is that it is quite other funds which cover those expenditures that are born primarily by the Defense Ministry of our state. And there is no connection, although we, naturally, have a large debt to the regular U.N. budget and for peace-keeping operations. By the way, the peace-keeping operation is the largest portion of our debt. It is much more, even three times more than the money we pay to the regular budget of the United Nations. But, and I would like to once again stress it, repeat it, there is no connection here. This is money which goes literally, in the ordinary sense of the word, to the Defense Ministry for all their necessary expenditures related to training of peace-keeping personnel, preparation of appropriate machinery, and so on.

INTELNEWS: Is Ukraine's membership in Partnership for Peace a forerunner to joining NATO?

ZLENKO: First, the Partnership for Peace program is that most important program which allows us to establish necessary cooperation with NATO. Second, we would not like to say that we are absolutely satisfied today with just this Partnership for Peace program and do not set for ourselves any other tasks. But this should be considered in an evolutionary way, gradually.

INTELNEWS: An evolution to NATO?

ZLENKO: To NATO. It seems to me that NATO does not close its doors, as of today, before any country. And I think that these doors are not closed before Ukraine either. To date, I think, all the state factors are not yet ready for, let us say, submitting a direct question to NATO about Ukraine's membership. However, this process is gradually and slowly developing.

I think that, as this process develops, the tendencies which are immediately characteristic of NATO itself will also crystallize accordingly in its evolution, possibility to effect the formation of a Pan-European security system, and so on. Everything depends upon this. But I would like to say that, at this point, this question is not that direct, and even the Partnership for Peace program opens broad opportunities for further mutual understanding, for establishing appropriate contacts and for coming with time to a final conclusion: where we are, where we are going, and what obstacles are as of today in the way of Ukraine's integration into a European-wide system of collective security.

INTELNEWS: Will Ukraine change its non-aligned status?

ZLENKO: This is now difficult to determine. Ukrainian foreign policy is currently based on the Declaration of State Sovereignty adopted on July 16, 1991. The country was defined as a neutral and bloc-free state. I think that, for the time being, this status meets, to a certain degree, Ukraine's geopolitical situation. But, on the other hand, we must understand that the same geopolitical situation Ukraine is in pushes it to

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conducting an active foreign policy with its neighbors, not only playing an appropriate role in general in the region, but also making use of opportunities to establish contacts in other regions, with leading countries of the world, in order to solve urgent problems. Which? Both political and economic, as well as others which comply, let us say, with our status as an independent state.

Therefore, the question of changing Ukraine's bloc-free status does not stand today in the Parliament or in the presidential administration. However, everything has to be defined according to those realities which have to arise in a certain period, let us say a transition period, of further formation of our state. Since, as I understand, this is a process which is developing quite quickly, this process has to give in the future a final answer to the question of whether the provisions in the above-mentioned declaration are still valid or new realities push Ukraine to review them.

But this is a matter for the Parliament which determines foreign policy, and the president and government that carry out this policy. Therefore, accordingly, one needs to wait and see. In general, I for one am convinced that we should treat very carefully the review of separate provisions defining the place of Ukraine and adopting such decisions as the ones that were adopted in July of 1991.

INTELNEWS: Does the stationing of Russian naval forces in the strategic partnership which was foreseen in the agreement on the Black Sea Fleet signed June 9 by Boris Yeltsin and Leonid Kuchma in Sochi contradict Ukraine's non-aligned status?

ZLENKO: It seems to me that making comments on the agreement signed by the president of Ukraine and president of Russia is unnecessary. I think it is an important political step which allows the solution of urgent problems currently on agenda in Ukrainian-Russian relations. Secondly, I would like to say that everything will depend, or rather the influence you were just talking about will to a large extent depend on just how this agreement is implemented, by the way in which agreements will be developed further to define the status of the presence of the Black Sea Fleet of the Russian Federation and a series of the other coastal units included in the contingent of the Russian Federation's Black Sea Fleet. I think everything depends only upon these special agreements which now have to be developed by the government, and which define the further status.

Naturally, it is possible, if one puts it bluntly, to say today that Ukraine is a neutral, bloc-free state, and the presence of foreign troops violates its sovereignty, and to a certain extent its territorial integrity, and so on. But, on the other hand, we also have to take into consideration those realities which currently exist and those political factors that cannot be excluded: we can either proceed to aggravate the situation, bringing Ukrainian- Russian relations to an absurdity, or look for a compromise in these relations, calm down public opinion and form a sound political atmosphere in order to gradually move further ahead in these relations and make use of these relations for the benefit of both Ukraine and Russia. I think that only the latter is a logical step that should be taken into account in our further work.

Authorities Silent Over Arms Sales to Sri Lanka

AU1408113195 Kiev HOLOS UKRAYINY in Ukrainian 11 Aug 95 p 4

[Report by Volodymyr Savtsov: "Are Ukrainian Weapons Used in the Fighting in Sri Lanka?]

[FBIS Translated Excerpt] [passage omitted] Not a single country of the world has admitted that it supplies armaments to Sri Lanka. In some Western states, a "taboo" has been imposed on the region in what concerns arms trade, because, as they put it, such deliveries may only serve as a catalyst in the Sri Lankan conflict. For example, the U.S. Congress has prepared a special list of countries where U.S. suppliers of weapons are banned from selling their products — Sri Lanka is among the first on that list....

However, the arms trade is so profitable for manufacturers of weapons that all appeals to them are to no avail. Moreover, they try to put the blame for all "mortal sins" on their competitors in the business.

...Last year, reports appeared in the foreign press claiming that weapons to Sri Lanka are supplied by... Ukraine. Later, the same sources began to allege that the Sri Lankan Army purchases from Ukraine military-transport aircraft, which are successfully brought down by [Tamil] "Tigers" with the help of... Ukrainian-made missiles.

Having received such reports, HOLOS UKRAYINY turned to state institutions that are involved in selling Ukrainian weapons abroad. Not a single concrete reply has been received.

Is it true that our weapons are used in the fighting in Ceylon's [Sri Lanka's] tropics or do such reports constitute insidious slander against Ukraine? This is anybody's guess....

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Argentine Official Visits, Signs Cooperation Accords

AU1108193295 Kiev URYADOVYY KURYER in Ukrainian 10 Aug 95 p 1

[URYADOVYY KURYER report: "A Visit From Overseas"]

[FBIS Translated Text] Fernando Petrela, first deputy minister of foreign affairs, international trade, and culture and state secretary for foreign policy of the Republic of Argentina, paid a visit to Ukraine. The main objective of the visit was to promote the development of bilateral relations between Ukraine and Argentina, especially in the economic sphere.

Fernando Petrela held talks with Hennadiy Udovenko, minister of foreign affairs, and Serhiy Osyka, minister of external economic ties and trade. At the end of the visit, the sides signed intergovernmental accords on cooperation in the spheres of culture, science, and education, and also on the promotion and mutual protection of investments.

Thus, Ukrainian-Argentinian relations were given a new impetus. Argentina was the first Latin American country to establish diplomatic relations with our state in 1992. Ukraine, in turn, attaches great significance to cooperation with Argentina, one of the leading Latin American countries.

This year, President Leonid Kuchma plans to visit Latin America. He is to visit Argentina, Brazil, and Chile.

National Affairs

Kuchma Administration Said Torn by Warring Camps

WS1008114595 Kiev THE RUKH INSIDER in English 7 Aug 95

[Unattributed article: "Fault Lines in the President's Administration — received via Internet]

[FBIS Transcribed Text] With Leonid Kuchma in office over a year, his administration is starting to show signs of internal strife. Currently, two "camps" can be distinguished in the Presidential Administration. On the one hand, there is a group of individuals tied closely and on a personal level with the President. This group includes National Security Council Chairman Volodymyr Horbulin, Kuchma's closest personal friend who worked together with him at the Yuzhmash rocket factory in Dnipropetrovsk. The leading force in this "loyalist" group, however, is clearly the young and forceful head of the Presidential Administration, Dmytro Tabachnyk, the former press secretary to Kuchma when the latter was prime minister in 1993 and a key figure in Kuchma's presidential campaign. To a large extent, the conflicts that have arisen between the "loyalists" and the camp headed by the Director of the Assistants' Group of the presidential apparatus, Oleksandr Razumkov, are a reflection of Tabachnyk's conflicting with Razumkov on an individual level. Tabachnyk was the person who, during the frenetic early days of Kuchma's presidency when his apparatus was being hastily formed, brought Razumkov, with whom Tabachnyk had worked in various Verkhovna Rada [Supreme Council] commissions, to his current post in the Administration. Since then, personal disagreements and Razumkov's potential as a competitor have alienated Tabachnyk. This divergence was all the more logical following Yevhen Marchuk's becoming Prime Minister. Razumkov, himself not allied to Kuchma on a personal level, has forged links with Marchuk through the President's Assistant on Security Issues, Yuriy Havrylov, who is considered to be "Marchuk's man" in the Administration. Razumkov also happens to be a member of the Presidium of the Labor Congress of Ukraine, which is headed by former Chairman of the Komsomol [Leninist Young Communist League] Anatoliy Matviyenko, who remains in a close working relationship with ex-president Leonid Kravchuk, by actively supporting, for instance, the ex-president's fund. Perhaps most fatally from Tabachnyk's viewpoint, Razumkov had maintained a line of communication with parliamentary speaker Oleksandr Moroz even during times prior to the signing of a Constitutional Agreement on 8 July when the confrontation between the President and Moroz was at its height. In such a context, Tabachnyk is painting himself as not only "loyal" to Kuchma, but as his strongest and even sole base of support. Tabachnyk has gone so far as to claim that there is no political future for him "after" Kuchma and that he will retire to write his memoirs once Kuchma is no longer President. In addition to Horbulin and Tabachnyk, other "loyalists" include Minister of the Cabinet of Ministers Valeriy Pustovoytenko, also a member of the Dnipropetrovsk "gang" and one of Kuchma's campaign managers during the 1994 elections, as well as the Director of Ukraine's Customs Service and the former first deputy chairman of the security service of Ukraine (the former KGB), Leonid Derkach. For his part, Razumkov has allies in Presidential advisers Dmytro Vydrin and Anatoliy Halchynskyy. In this situation, there is no question but that Tabachnyk has the upper hand. Earlier, for instance, he had no difficulty in quickly dispatching from his post in the President's Administration the Director of the Internal Policy Directorate, Petro Lelyk, a highly efficient but overly manipulative and ambitious, in Tabachnyk's view, functionary, who had once been Vyacheslav Chornovil's assistant

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when the latter was still chairman of the Lvov Oblast Council. The real challenge to Tabachnyk and, indeed, to Kuchma himself, lies in a different direction, namely, in the presidential ambitions of Yevhen Marchuk.

Kuchma Orders Investigation of Leak to Newspaper

WS1408094995 Kiev INTELNEWS in English 0127 GMT 12 Aug 95

[FBIS Transcribed Text] Kiev, Aug 11 — President Leonid Kuchma has ordered the Security Service to investigate the sources who leaked information for a press article concerning squabbles between top members of his administration.

A raw nerve was apparently hit by last week's publication by Novosti newspaper of an article detailing how chief presidential aide Oleksandr. Razumkov and macroeconomic adviser Anatoliy Halchynskyy are jointly struggling for influence against chief of staff Dmytro Tabachnyk and national security adviser Volodymyr Horbulin.

The problem with the story is its accuracy, according to a presidential press service official requesting anonymity.

The article "is surely correct" said the official. "After reading it, I figured that the journalists who wrote the article had first- hand information in the administration," the official told IntelNews.

According to the official, Novosti newspaper is known to be an ally of Tabachnyk who, as the mastermind of Leonid Kuchma's election campaign, used to known as a star player in the Kuchma team and an individual with major influence on presidential decisions.

"The power in the president's administration is transferring now from Tabachnyk to Razumkov," confirmed Serhiy Sobolyev, Reforms parliamentary group leader.

"It is difficult to predict Kuchma's future decisions, because they depend on who has influence on the president in the moment of taking the decisions," said Sobolyev. "The president's administration is not uniform."

Rukh leader Vyacheslav Chornovil said that "the decisions in the administration now are not being made by Tabachnyk, but Razumkov."

"I think that Halchynskyy stepped on somebody's pet corn or probably didn't allow to somebody to be in charge," said Volodymyr Ryzhov, presidential industrial adviser.

"The publication of this lampoon caused certain tension between a group of advisers and the presidential administration," he said. "I think Kuchma will certainly make somebody to pay for this material."

Kuchma Orders New Emergency Situations Ministry

AU1108152695 Kiev MOLOD UKRAYINY in Ukrainian 10 Aug 95 p 1

[Unattributed report published under the "Fact" rubric]

[FBIS Translated Text] By a Ukrainian presidential order, a new ministry has been created on the basis of the Chernobyl Ministry and the Civil Defense Headquarters — the Ministry for Emergency Situations — that will deal with eliminating such emergency situations as, for example, the latest environmental disaster in Kharkiv. Oleksandr Omelchenko, former deputy chairman of the Kiev Council, has been appointed its minister.

Reactor at Nuclear Plant Fails; No Leakage

LD1108191495 Moscow ITAR-TASS in English 1739 GMT 11 Aug 95

[FBIS Transcribed Text] KIEV, August 11 (Itar-Tass) — The first unit of the South-Ukrainian nuclear plant shut off automatically on Thursday morning, apparently due to some technical failure which occurred during a routine check by the plant personnel. No radiation leakage has been reported, a spokesman for Ukraine's Committee for Nuclear Energy said on Friday.

The radiation background at the plant and in its vicinity also remained unchanged. On the international nuclear safety scale, the accident would be rated at zero, the source said.

A special team was established at the plant to investigate causes of the accident. Repair works which are to ensure complete safety of the reactor will continue up to August 14, 1995.

Nuclear Energy Committee Chief on Chernobyl Reactors

WS1408085795 Kiev INTELNEWS in English 2249 GMT 13 Aug 95

[By Serhiy Sokolovskiy, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, Aug. 13 — Ukraine will extend the life of the three undamaged reactors of the Chernobyl nuclear plant if it does not receive billions of dollars in Western aid to compensate for the plant's closure, according to Mykhaylo Umanets, head of the State Nuclear Energy Committee.

Although Ukraine has promised that the facility, site of the world's worst nuclear disaster in 1986, would be

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shut permanently by the year 2000, the nuclear official said that such a shutdown would be conditional upon the country's receiving the US$ 4.4 billion it would take to safely close it down and provide the country with other sources of energy.

Umanets said, however, that a recently launched project to reconstruct and modernize Chernobyl's three blocks would extend the lifetime of the plant by at least 10 years and require no foreign aid, because the station would be able to finance this project itself by selling the electric power it produces at a price of US$ 0.03 per kilowatt-hour.

"If financing for shutting down the station is not provided by foreign countries and the station's capacity is not compensated by other sources, then the project for reconstruction will be the only one possible," Umanets said.

Umanets also defended the present performance of the controversial plant.

"At the present time the technical-economic parameters of the Chernobyl station are the best in the branch," he said. "Experts who have been to the station many times notice that the level of reliability of the equipment there is higher after the modernization and the staff is more qualified."

Although the official said he was for prolonging the use of Chernobyl, the decision may be out of Ukraine's hands. "Now it is the West who speaks," he said.

In the first half of 1995, Ukraine's five nuclear power plants contributed 39.1 percent of all the energy produced in the country during the first half of the year, according to the committee.

Officials also gave the industry, despite its poor worldwide reputation as a result of Chernobyl, high marks for efficiency and safety, saying that it fulfilled 104 percent of its planned quota for the first half while reducing breaks and errors by 31 percent over the same period last year.

During the first half, however, only the second unit of the Rivne station and the first unit of Chernobyl worked without failures, according to the committee.

According to experts, capacity utilization at all of Ukraine's nuclear plants averaged 69.3 percent during the period. The highest coefficient (90.1 percent) was achieved by the Rivne station's second unit.

The problems in Ukraine's nuclear generating industry are economic, according to Umanets, who noted that as of July 1, consumers have not paid for nearly half of the power they obtained from nuclear plants.

According to the official, Ukraine's nuclear plants produced power worth KBV79.4 trillion as of the beginning of the third quarter but received only KBV42.1 trillion in payments, or only about 57 percent of the cost.

Officials View Border Situation, Urge Legislation

WS1108133095 Kiev KHRESHCHATYK in Ukrainian 8 Aug 95 p 2

[Report by Larysa Datsyuk: "The Standoff"]

[FBIS Translated Text] Viktor Radetskyy, deputy chief of the Ukrainian State Customs Committee, and Volodymyr Sudorzhenko, chief of the Administration for Combating Contraband, held a briefing at the State Customs Committee devoted to an ancient type of crime, contraband.

It has been a year now since the Ukrainian president signed the edict "On Urgent Measures To Enhance Combating Crime" and two years since the Supreme Council approved the State Program for Combating Crime.

According to these documents, the State Customs Committee was tasked with ensuring economic security and organizing the fight against the smuggling of drugs, arms, and strategically important commodities and violations of customs regulations.

In light of these requirements, the State Customs Committee has achieved certain positive results thanks to stepped up efforts in the above spheres.

According to operational information that came from customs points, over the past six months of this year, 15,270 legal cases were instigated on contraband charges concerning a total of 11,142,653,000 karbovantsi [K], up from about K1 trillion last year.

Analysis of the work accomplished shows that the chief directions of criminal activities conducted by contraband groupings include illegal transfer over the state border of foreign currencies, stolen cars, drugs, ferrous and non-ferrous metals, cultural and historic relics, and excised goods (tobacco and liquor).

Statistics prove this. Foreign currency owners topped the list of violators of customs regulations last year. The foreign currency's equivalent of K1 trillion, as well as 15 billion Russian rubles and K3 billion, have been confiscated over the past six months.

As for precious metals and their products, the amount confiscated at the border is higher this year than it was last year. Among confiscated metals, there were 8.7 kg of gold and 180 kg of silver.

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Non-ferrous metals are smuggled by the tonne out of the country. Over the past six months, customs officers appropriated 17.3 tonnes of copper, 2.7 tonnes of brass, and more than 500 kg of nickel.

Automobile smugglers, too, remain active, attempting to sneak across the Ukrainian border cars stolen in Europe. As a result of their joint operational measures, customs offices, the Security Service, and Interpol seized about 100 cars intended to be smuggled across the state border on forged documents.

The fight against illegal circulation of narcotics was and remains one of the most difficult fields for law-enforcement agencies. To enhance it, specialized subunits put in charge of combating illegal circulation of drugs and psychotropic substances have been set up at customs points. Customs officers improved their skills and professionalism in this sphere, which allowed them to foil a considerable number of drug channels. The officers are assisted by dogs trained at a newly-created canine training center.

This year, Ukrainian customs officers seized 1.8 tonnes of poppy straw and 14.6 kg of marijuana. They sometimes came across other strong narcotics, such as hashish, opium, ephedrine, etc.

Special attention is attached to controlling the border movement of arms, explosives, and other tools that can be used for committing crimes, especially if they come from the zones of armed conflicts.

Also active are people engaging in illegal imports and exports of consumer goods. Over the first half of this year, charges were pressed against 4,445 such individuals and resulted in confiscation of K1.5 trillion and K170 billion worth of consumer and food products, respectively.

Thanks to customs officers' vigilance, 15 handguns, 2 assault guns, 70 hunting rifles, 4 rifles, and more than 2,500 rounds of ammunition have been uncovered this year. Criminal proceedings have been initiated against 23 violators of customs regulations.

As in the past year, legal persons are the most active perpetrators. As many as 18 criminal and 3,522 administrative charges were pressed against them over a total of K9,786,899,884,000.

Despite such astronomic funds recovered by customs employees, the customs service itself is in a poor financial condition. Its cost- income ratio is 1 to 15.

Such financing (this year, the service will receive only K2.6 trillion of the planned K9.4 trillion) is too meager to pay for controlling and communications equipment, drug-detecting devices, canine training, and boats to monitor movements of cargoes across sea and river borders.

In addition, the present legislation does not facilitate customs procedures — it fails to meet modern requirements in 40 percent of cases. However, the parliament is in no hurry to examine this issue.

Those who have to deal with this flawed legislation every day are also not particularly enthusiastic about it. The border guards are waiting for a new customs code. This is something that we urgently need.

Crimean Parties' Meet To Seek 'Reconciliation'

AU1108143895 Kiev HOLOS UKRAYINY in Ukrainian 10 Aug 95 p 2

[Unattributed report: "A Roundtable Has Been Created"]

[FBIS Translated Text] A permanent "roundtable" of the peninsula's political and public organizations has been created in the Crimea. About 10 parties and organizations of statehood orientation were its initiators, among them the Crimean organizations of the Ukrainian Republican and Democratic parties, the Crimean Ukrainian Civic Congress, the "Prosvita" [Enlightenment] Society, and others. A UKRINFORM correspondent was told about this at the Press Center of the committee of public organizations "The Crimea With Ukraine — Conciliation [sobornist]." In the opinion of the organizers, the "roundtable" must make it possible to find ways of overcoming differences and to jointly work for building the Ukrainian state. The "roundtable" participants appealed to representatives of all of the Crimean political parties and public organizations urging them to support this initiative and join it for further cooperation. We hope, reads the appeal, that our "roundtable" will become a step forward in the search for social accord, a platform for a broad discussion of the most topical political and socioeconomic problems, and a way of reconciliation and prevention of acute confrontation that may lead to bloodshed.

PRAVDA To Cease Publication Due to High Costs

MM1408103095 Moscow PRAVDA in Russian 12 Aug 95 p 4

[Unattributed report: "Attention PRAVDA Readers in Ukraine"]

[FBIS Translated Text] Publication of the newspaper PRAVDA and the weekly PRAVDA-5 in Ukraine will end as of next week due to increased printing costs and high postal charges.

Subscribers will receive a refund for the copies they will not be receiving.

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Economic Issues

Kuchma Issues Edict on Foreign Currency Accounts

LD1308190595 Kiev UNIAR in Ukrainian 1815 GMT 13 Aug 95

[FBIS Translated Text] The Ukrainian president has issued an edict regarding the opening of anonymous foreign currency accounts by individuals, resident or nonresident in Ukraine. Foreign currency accounts can be opened either by Ukrainian citizens or foreign nationals. The National Bank is instructed to prepare a procedure for the opening and management of accounts.

An undeclared deposit on an anonymous account at an authorized bank cannot exceed the equivalent of $10,000. Accounts are opened for a five-year period. Accounts will have access codes, and information can be released upon the holder's instruction only.

In connection with this edict, the Supreme Council of Ukraine is to rescind Article 7 of the Law on Measures Against Illegal Trafficking and Abuse of Narcotic and Psychotropic Substances, which orders banks to report any account exceeding 1,000 minimum wages (60,000 karbovantsi) to law-enforcement officials.

Interview With National Bank Chairman

WS1408110095 Kiev INTELNEWS in English 0126 GMT 14 Aug 95

[Interview with National Bank of Ukraine Chairman Oleksandr Kyreyev by INTELNEWS Economic Review reporter Serhiy Shevchenko; place and date not given; from the Economic Review feature; first paragraph is INTELNEWS introduction]

[FBIS Transcribed Text] The KBV/hard currency rate is always subject to the close attention of financial analysts and experts. Most Ukrainian citizens understand the necessity of a stable national currency — establishment of a stable market is the main goal. The efforts of the National Bank of Ukraine (NBU) on introduction of a balanced and consistent monetary policy were a significant contribution to this change of mind.

ER: Describe the contemporary state of the Ukrainian monetary market.

KYREYEV: Any businessperson dealing with the markets is interested in market stability, the possibility to predict the situation and the ability to develop a behavior strategy. Starting from this position, we can note how the inflation rate and budget deficit declines made the situation readable.

Now we can say that for first time in a long time hard currency revenues were greater than exports. The measures on monetary market liberalization and free access taken by the NBU lead to gradual money return from abroad. The turnover on the Ukrainian Interbank Currency Exchange (UICE) grows. In January and February, monthly sales averaged US$ 200; for April and May this figure reached US$ 300.

All these facts show permanent market development and that there exists a real price for money.

ER: Your opponents claim the current KBV exchange rate is not realistic and is supported by dumping hard currency.

KYREYEV: The currency interventions, for example, the NBU hard currency reserve sales, are used only to suppress temporary accidental KBV rate deviations.

Say a shipyard just sold a ship and now puts the earnings — US$ 30 million — in the exchange. The offer goes up, and so does the KBV rate. On the other hand, UkrGazProm comes to the market to purchase US$ 20 million at once. So, the NBU has the redistributing responsibilities. We buy the shipyard's currency and sell it to UkrGazProm. As a result, there are no unexpected rate fluctuations that might destabilize the situation.

Generally speaking, the NBU has no goal of holding the currency rate. Moreover, the International Monetary Fund and the World Bank request us to liberalize the currency trade as much as possible.

ER: What are the possible measures to be taken towards this?

KYREYEV: Currently, the government and the administration of the president discuss the draft NBU resolution, canceling the obligatory 10 percent of currency earnings sales to the NBU reserves. Now, 50 percent of hard currency income will be passed to the accounts of the enterprises and the other 50 percent are sold at the UICE.

By now, the National Bank is ready to purchase hard currency on the same conditions the commercial banks do. But this is not the only step to currency market liberalization as a resolution to canceling the obligatory 50 percent of currency income sales at the UICE. So, all the currency income will be directly transferred to the exporters' accounts.

ER: The presidential decree on the non-payment crisis suggested opening anonymous currency accounts and issuing currency certificates into circulation.

KYREYEV: Unfortunately, the resolution, allowing opening anonymous currency accounts met several problems and the major one is caused by the legislation requiring legalizing all the operations exceeding US$

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400. To our mind, this rules out formation of an anonymous currency accounts system, making it senseless.

Concerning currency certificates, the respective project for their emission and circulation is now under development.

We think that these decisions will help make the money work for the country, not for the shadow economy.

ER: Starting August 1, currency licenses are canceled. How this is going to affect Ukrainian citizens?

KYREYEV: I think that the majority of them will have no economic losses. The re-licensing involved only businesses with turnover exceeding US$ 70,000. This turned out to be about one-third of all companies; all the others were the law unto themselves and paid no taxes. In addition, we found out that 70 percent of all licenses are concentrated in Kyiv and Odesa. They do not represent the Ukrainian currency market.

Canceling the currency licenses, the NBU takes measures to ease access to hard currency. Now, if a company wants to purchase goods for hard currency and has KBV in its account, it may transfer the KBV sum to the exchange or request the bank to make a purchase.

ER: What was the currency market reaction to the recent announcement of the president on the necessity of reform corrections and inflation decrease?

KYREYEV: The rate is the same and there are no reasons for its decrease. There were no notable emissions into the economy. Only Parliament can make a decision on an emission and it has a break now.

On the other hand, pressure from those favoring the emissions way of solving problems are not getting weaker. They gave up demanding emissions to cover grain harvesting and everybody knows the dramatic aftereffects of these actions.

But now they request covering state programs by emissions. And every proclamation regarding emissions destabilize the market situation, fortunately, for a short period.

Generally, I am sure that our country has all the chances to go through the difficult way of macroeconomic stabilization, cutting the budget deficit and inflation rate.

ER: Should we expect the NBU currency policy correction soon?

KYREYEV: Of course. The introduction of corrections corresponding to previous experience is inevitable but they will not affect the general orientation to the market stabilization.

For instance, we are going to harden requirements to the authorized funds of banks operating on the currency markets. By September 1, these have to be increased to ECU200,000. Banks that don't comply with this requirement will be asked to leave the currency market. In the very beginning we accepted the wrong, Russian scheme emphasizing the quantity of the banks, not their quality. Now, the NBU recognizes that the previous approach was wrong and appropriate corrections have to be made.

ER: But such a decision might dramatically decrease the number of currency market participants. How many banks currently are able to comply with this requirement?

KYREYEV: According to our data, 24 banks already correspond to the set requirement. Generally, 60 to 70 banks will stay on the currency market as compared to current figure of 120.

Agriculture Deputy Premier on Reform Tasks

WS1108150495 Kiev URYADOVYY KURYER in Ukrainian 8 Aug 95 p 3

[Interview with Petro Sabluk, deputy prime minister for issues of the agro-industrial complex, by Oksana Holovko; place and date not given: "So Far, Only 35 Percent of Agricultural Potential Is Being Used" — first three paragraphs are URYADOVYY KURYER introduction]

[FBIS Translated Text] By the Ukrainian president's edict, Petro Sabluk has been appointed Ukraine's deputy prime minister for issues of the agro-industrial complex. He is a doctor of economics, an academician of the Ukrainian Academy of Agrarian Sciences. He was born in 1941 in the Zhmerynskyy rayon village of Potoky, Vinnytsya Oblast. He is married and has two sons. Petro Sabluk is an accountant-economist by profession. Since 1971, he rose from being a post-graduate student at the Ukrainian Schlichter Scientific Research Institute of Economics and Organization of Agriculture to being section chief at that institute. From 1988 until 1994, Sabluk held the post of director of the Ukrainian Agrarian Sciences Academy Institute of Agrarian Economics. Since 1994, he has been performing the functions of deputy prime minister for issues of the agro-industrial complex.

Petro Sabluk believes that there are no second-rate problems in the agro-industrial complex, which is crucial for Ukraine's economic state. However, one can say without exaggerating that the most important among those problems, both in terms of complexity and significance, is the situation in and around the food manufacturing

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sector. This task can only be resolved systemically, proceeding from cardinal reform of the APK [agro-industrial complex], primarily land reform and privatization.

We congratulate the deputy prime minister on his reappointment, and we would like to point out that he had entered the government with the same views and had been pursuing the same kind of policy. His reappointment shows that the state remains faithful to the course of radical economic reform, particularly in agriculture. Our reporter talked with Petro Sabluk about the tough problems of developing one of the basic sectors of the economy, about the resolution of a whole range of vitally important social issues, and about the fate of Ukrainian farmers.

[Holovko] Mr. Sabluk, the social revival of the village and the improvement of villagers' well-being should become the principal aspect of agrarian policy. Otherwise, all the declared reforms will be worthless. At this point, you are virtually the state's main person responsible for this task. Quite naturally, we would like to ask you: When will our villagers — and hence, all of us — live better lives?

[Sabluk] This is a correct emphasis. Our utmost attention should be paid to villagers. Villagers should also have the right to hear my account about performing this task or failures to perform it.

My deep conviction is that the social aspect of the economic policy pursued by the president and the government, and the creation of a socially-oriented market economy depend upon the provision of food for the population and thus, upon the development of agriculture. I receive confirmation of the correctness of this standpoint each time I visit villages in virtually all of Ukraine's oblasts. Villagers know the economy. Take for instance, the example of milk procurement and processing. Village people know how to look after cows and how to milk them. However, further processing, which includes freezing, separation, packing, transportation, and even sales of dairy products hopelessly lags behind. This hampers both the penetration of foreign markets and the provision of our people with food. There is only one conclusion: If we do not subordinate the structure of our national economy and the interests of our land to the interests of our producers, we will remain poor forever. The future belongs to those complexes which have closed production and processing cycles. If we are not ready to manufacture high-output technological lines for processing [agricultural products], it may be expedient to buy them abroad.

The same approach should be applied, along with animal husbandry, to the production of sugar, spirits, wool processing, and other sectors. As for technological lines, we should either invest in foreign-made equipment or else make our factories meet the interests of domestic consumers. Factories remain idle. Most of them cannot compete on foreign markets, but at the same time, they do not turn toward agriculture. This is one of the reasons why milk is so cheap and tractors are so expensive. Tractors and combine harvesters are kept in warehouses, but there is a shortage of them at the farms. We must remove this block. Therefore, I turn to company managers with an appeal to work in the same way as the rest of the world. Thus, if a company produces agricultural machines, its specialists should monitor their work, provide maintenance services, and warranty repairs. Chemical plants should work the same way. That is why we intend to create financial-agro-industrial groups.

These are the problems of a structural reshaping of the economy. Paradoxical as it is, the village — which was believed the most conservative component of society from time immemorial — is the kind of consolidating mobilizing force which can play a decisive role in the revival of Ukraine's economy. Thus, if we put enough mineral fertilizer on areas sown with sugar beat, we will harvest 400 quintals from a hectare, instead of 200 quintals. We will then have 6-7 million tonnes of sugar, instead of 3 million. Ukraine's domestic demand is 2 million tonnes, which means that we will have 5 million tonnes of sugar for sale. If we sell it at a world market price, we will receive funds sufficient to buy one half of our domestic demand for gas. Meanwhile, we have another strategic product — sunflower.

[Holovko] Acceleration of land reform is becoming especially significant.

[Sabluk] We have chosen the market path of developing our economy, which is impossible without resolving the issues of land relations. The price of land is an important factor here. The point is that we are moving toward world prices and the latter, as we know, take into account prices for land. We should determine the "share" of land in production costs. Therefore, we have the goal of estimating arable lands and other agricultural areas. We are already completing this work.

According to preliminary estimates, a hectare of land should cost around $4,000. Then, proceeding from that price, we will divide it into shares. After we develop the mechanism of division, we will give people a choice: If people want, they can work in a group; if not — they can secede and work individually. However, we should not mix the forms of ownership with the forms of work. We should organize work in such a way as to make everybody's results visible, so that farmers do

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not hide behind collective responsibility. Corporations, for instance, are a vivid example of efficient economic activity.

[Holovko] What is your attitude toward the first reports about bankruptcy of agricultural enterprises, in particular sovkhozes?

[Sabluk] In general, my attitude toward bankruptcy, which is an economic category, is positive. However, in each specific case we should apply a well-balanced approach toward this issue. If a new owner emerges after an enterprise goes bankrupt, this is a positive phenomenon. However, if an enterprise's situation is affected by objective factors (such as inadequate financing), we should not apply the same approach to all companies. The point is that under certain circumstances the entire agriculture sector can be declared bankrupt, and primarily villagers will suffer from this.

The expansion and widening of privatization processes are the primary components of contemporary agrarian policy. All kinds of assistance should be rendered to [private] farms. Personal supplementary farms too, have great potential. However, the potential of kolkhozes and sovkhozes has not been exhausted either.

[Holovko] At the initiative of the Commission for the APK and Land Reform, which you headed, the concept of reforming the APK has been submitted for discussion by the Supreme Council. However, during the discussion, legislators' opinions were divided.

[Sabluk] This only confirmed my conviction that the Supreme Council should be comprised of professionals, who would create wise laws on the basis of objective knowledge. Therefore, among the documents that we lack, I would put the law on pricing on top of the list. Only after this can we talk about the adoption of the Tax Code, and not the other way around. During the discussion of reforming the APK, opinions were divided on the parity of prices. Equal profits on equal capital — we did not invent that. Equal starting conditions should be provided [to companies] in terms of financial, commercial, and production capital. Someone might voice an objection to the effect, that this is against market principles, because so to speak, I suggest that pricing be regulated, while under market conditions, pricing should be free. I beg your pardon — free prices are formed arbitrarily, and arbitrariness is an ailment, particularly in the stage of entering market economy. We should openly tell our people that we have a certain amount of capital in our state, on which we can receive say, a 10 percent profit. However, initially, everybody should be able to equally use that profit.

This approach has been envisioned by the suggested concept. Incidentally, it has been supported by Ukraine's National Academy of Sciences, the Academy of Agrarian Sciences, and the Ministry of Agriculture and Food. Of course, given that we buy apatites on [Russia's] Kola peninsula and oil in Bashkortostan for our processing plants, those products are, naturally, expensive and remain expensive when delivered to farmers. Thus, one should look for reasons behind [monetary] emission in the entire national economic complex, and not just in agriculture. Figuratively speaking, agrarians currently resemble a goalie, attacked from all directions. Take me to the center of the football field, where all others are, and then — if I exert pressure on other sectors — you can call me a lobbyist. Thus far, however, I only demand fair treatment.

[Holovko] Thus, it appears that on the one hand, we should take into account people's purchasing power; and on the other hand, there should be enough capital in agriculture to restore and develop the production sector. All over the world, the state alleviates this incongruity by granting subsidies and by regulating prices and incomes.

[Sabluk] Those funds should be transferred directly to enterprises. Enterprises should determine the status of servicing organizations. Things should not be done as before, when funds were first divided in oblasts, then in rayons, and as a result, they never reached villages. Agricultural producers can decide for themselves which powers they should delegate to other structures, or whom and for what they should pay.

[Holovko] Thus, we have approached the "hottest" issue. Ukraine has been harvesting for almost a month now. However, alarming reports keep coming from the provinces, to the effect that agricultural enterprises lack money for the harvesting campaign. Meanwhile, the state has no money to purchase grain [from producers].

[Sabluk] There is no fear that this year's crop may be smaller than in 1994. However, a number of reasons will probably prevent us from harvesting the estimated volume of grain. In many regions, droughts affected the fullness of spikes. Insufficient input of mineral fertilizers and inadequate treatment with pesticides affected the quality of grain. A lot of harvested wheat is even below the third category [of quality], and is in the fifth category.

The following mechanism for grain procurement exists: The state pays in advance for 50 percent of grain to be purchased under the state contract. It is supposed to buy the other 50 percent, paying prices effective on the day of the transaction. The price will have to include

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transportation expenditures, given that we will have to reimburse agricultural producers their expenditures on delivering grain, say, from a threshing yard to an elevator. I believe that the state should operate as one of the brokers and purchase grain to form a reserve, paying current agricultural exchange prices. We would like to organize trading through broker offices and branches of the agricultural exchange. This process is in a stage of development. The principal thing is to mobilize efforts and accelerate that process; find money and buy grain from farmers, for otherwise it may "flow" into foreign markets.

[Holovko] Mr. Deputy Prime Minister, you are well-known beyond our borders, in particular in the developed agrarian countries. From numerous foreign trips you have "brought home" agreements on credits for [Ukraine's] agriculture. As far as I know, certain credits for harvesting have also been mentioned. Can we anticipate them?

[Sabluk] Ukraine's prestige in the world is primarily the prestige of Europe's bread basket. Ukraine still occupies a leading place in the division of labor in the sphere of agricultural production.

As we know, Ukraine receives credits from the World Bank. I am dissatisfied with the approach toward the use of credits more than with the bureaucratic approach toward their issuance. As a rule, the money is received at the end of a quarter, when a great number of urgent issues pile up, and peanuts — that is to say virtually nothing — are left for the needs of the village. Neither am I satisfied with my work in that field. In the first place, we should more thoroughly examine how resources allocated for the village are used.

[Holovko] Nevertheless, we have no time to look for those who are guilty; we should be moving forward. This means that scientific projects and appropriate practical recommendations developed by scientists are becoming extremely important. Before your appointment to the government you were a scientist, too.

Would you briefly tell us about the role of science in the development of agriculture and in your life?

[Sabluk] Science for me primarily amounts to power. Science is a sacred thing, and it should be the core of production. Scientists should be telling the truth and nothing but the truth. Funds must be found to develop promising directions of research. The point is that Ukraine has a tremendous selection and genetic potential. We have a great deal of positive experience, too. Of course, science should be moving ahead of events. Therefore, my appointment to the post of deputy prime minister is an approval of the entire experience of the Institute of Agrarian Economics, which I used to head. Sometimes, I overstep my authority and try to accelerate the implementation of a scientific project in the production sector, because so far, only 35 percent of Ukraine's agricultural potential is being used. Our task is to radically change the situation.

[Holovko] Given that we are having an open dialogue, has there been anything you failed to accomplish recently?

[Sabluk] I did not manage to spend at least a week at my mother's village. To my regret, I could only spend one day there during my leave.

[Holovko] We would like to thank you for your attention to URYADOVYY KURYER and we look forward to fruitful cooperation.

[Sabluk] Thank you.

Three Thousand Coal Miners Continue Strike

WS1408085695 Kiev INTELNEWS in English 0218 GMT 13 Aug 95

[FBIS Transcribed Text] Donetsk, Aug. 12 — A total of more than 3,000 coal miners continued strikes at three StakhanovVuhillia Production Association mines in Kirovsk on Saturday, according to the Internal Affairs Ministry.

Miners at the Kirova and Bezhanivska of the StakhanovVuhillya PA, Chaykino of the MakiyivVuhillya PA, Rosiya and Ukrayina of the SelidovVuhillya PA and Chervonyy Partyzan of the SverdlovAntratsyt PA were also conducting limited strikes, a Coal Industry Ministry dispatcher on duty in Donetsk said.

Strikers are demanding wages due them from May through July.

The prolonged strikes come as no real surprise despite last week's Cabinet of Ministers and National Bank of Ukraine order for a credit emission to resolve government debts to the industry. The joint decree provides that PromInvestBank, Bank Ukrayina and PrivatBank emit KBV3.948 trillion by Aug. 20 to cover the Industry and Energy ministries' debts to coal-mining enterprises as of Aug. 1.

News of the credit emission coupled with government plans to introduce the hryvnia in October sent the karbovanets into a nose dive last week.

By Friday, the inflationary shock waves had forced exchange-rate levels to fall to KBV170,000/USD at some Kiev currency exchanges, sometimes shifting up

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to 3 percent within only hours. Rates dropped as low as KBV200,000/USD in the provinces.

While the emissions may eradicate the miners' back salary problems on the government books, the rapidly decreasing buying power of the national currency is likely to draw further ire from miners rather than alleviate the problem.

Miners' union regional committees said they are preparing for mass trips of miners' delegations to Kiev on Tuesday.

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Belarus

Lukashenka Assesses Foreign Ministry's Work

WS1108122095 Minsk RESPUBLIKA in Russian 8 Aug 95 p 2

[Report attributed to the Press Group of the Secretariat of the President of Belarus: "Alyaksandr Lukashenka: 'The Good of Man, Belarusian Citizen, Is a Major Goal of Our Foreign Policy'"]

[FBIS Translated Text] As has been already reported, at a 3 August expanded session of the Foreign Ministry Collegium, leading personnel of the Foreign Ministry and permanent representatives of our Republic abroad discussed increasing the effectiveness of our state's foreign policy activities.

Speaking at the Collegium session, Belarusian President Alyaksandr Lukashenka assessed the period from July 1994 to the present as one of dynamic foreign policy activities: "We have managed to elevate our relations with Russia to a new level. We have also achieved an obvious progress in cooperation with China, Lithuania, Ukraine, Uzbekistan, and a number of other states. To preserve a balance in our foreign policy, we have strived to activate cooperation with Western countries. I would like to particularly emphasize our visit to Brussels and the signing of an agreement on cooperation with the EU. Even this far-from-complete list of our accomplishments testifies to the fact that the isolation of Belarus, which is being asserted by some politicians and journalists, exists only in their imagination."

"Despite all the contradictions and complexities of the international situation," the president remarked further, "we have managed to avoid major mistakes in our foreign policy, which could put stress on interstate relations and jeopardize our security." The head of state specified two interconnected principal guidelines which he is following and will follow in both forming foreign policy as a whole and resolving specific foreign policy and foreign trade problems. "The first of them," Alyaksandr Lukashenka said, "consists in the premise that the good of man, Belarusian citizen, is a major goal of our foreign policy. I have proceeded, and will continue to proceed, from the assumption that our foreign policy should suit our national interests and help our citizens resolve their day-to-day problems. I will never take any foreign policy steps infringing upon people's interests or endangering their lives and health."

Having rejected a doctrinaire approach to foreign policy, the president remarked that alternative foreign policy projects which he knows about have nothing in common with real life and the interests of ordinary people.

"I am assured," the president noted, "that Belarus' foreign policy will not be hostage to either national-extremist, rightist, leftist, or any other extremist idea. A nationalist or any other extremism tramples on the interests of ordinary men and unavoidably leads to confrontation, conflicts, and casualties. We do not have to look far for examples: Let us observe the bloodshed and carnage in various regions of the former Soviet Union, as well as at rising interethnic and religious tensions in other areas. Thank God the Belarusians can feel secure in this respect. However, this feeling does not come by itself. We can only imagine what consequences might follow if we put into practice the political opinions of our 'national patriots,' who, in particular, are ready to lay territorial claims to our neighbors. The main point of foreign policy for me is not in following an abstract idea or time-serving considerations, or pleasing the West or the East, but in serving the interests of Belarusian citizens, irregardless of which language they speak and which God they pray to. This is what is called a human dimension of foreign policy in international practice.

"The second principal position consists in the premise that I am pursuing, and will pursue, a policy that is supported by the people, the majority of our citizens, and not by a handful of politicians who haughtily call our people 'sick' [preceding word in Belarusian]. Our citizen's opinions were expressed most precisely and fully in the referendum. Its results showed what the majority of Belarusian citizens want, including also in the sphere of foreign policy. The president also intends to grant the right of choice in resolving the most important questions of domestic and foreign policy in the future."

While characterizing the basic directions in domestic and foreign policies of the Republic of Belarus, the president stated in particular: "Belarus is, and will remain, a sovereign state. As the president and guarantor of sovereignty and independence of our state, I will do everything to fill these ideas with specific content. Belarus will fulfill its international obligations in the sphere of disarmament, but it is necessary to resolve these problems comprehensively and humanly, and not at the expense of our much- suffering people. We will steadfastly follow international standards in the sphere of human rights. The president will do everything within his powers to elect a new Supreme Soviet of the Republic of Belarus and set it to work. However, everybody should know that we will pursue foreign policy without "hullabaloo" and invocations. Our sovereignty and independence should unify people instead of separating them."

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[FBIS Translated Text] While dwelling on the role and place of higher bodies of state power in implementing foreign policy, the president underscored the need for every power branch to work within the framework determined by the Belarusian Constitution: "The state can and should have only one foreign policy," he said. "It can also be determined by the legislative branch with methods appropriate for this body. However, foreign policy is proposed and implemented by the president."

Alyaksandr Lukashenka subsequently turned to the issue of provision of information by the Foreign Ministry. He assessed the Foreign Ministry's work in this area as "not always professional, and sometimes even haphazard." The head of state noted that the chaotic, casual, and often tardy information which he receives from the Foreign Ministry does not help him adopt resolutions, while sometimes even hindering them. In connection with this, the president charged the foreign minister with the task of establishing personal supervision over the timeliness and quality of information provided to the head of state by the Foreign Ministry.

Alyaksandr Lukashenka also spoke critically about the Foreign Ministry's work in determining common approaches to foreign policy and the resolution of a number of specific problems.

He drew attention to the special importance of the economic direction in Belarusian foreign policy. "In contrast to Western countries," he said, "our republic is only now opening for wide international cooperation in the right way and becoming a part of the international economic system." Therefore, the president proposed to evaluate the performance of the Foreign Ministry's central apparatus and its representatives abroad in terms of what was specifically done for the protection and promotion of Belarus' economic interests. The president considers that the main task of our foreign policy in this sphere is to make Belarus credible politically as an economic partner.

The diplomatic corps of Belarus has not yet ensured the fulfillment of such a task. The task of informing the international community about our state, its possibilities, and its domestic and foreign policies has not been fulfilled in a proper way, either. In the president's opinion, it is necessary to elaborate a nationwide program envisioning the creation of information-cultural centers, the issuing of appropriate publications, and the use of other forms and methods of foreign policy tools.

Alyaksandr Lukashenka called the work with Belarusians living abroad a major issue. The president thinks that this issue is tackled with a primarily amateurish and short-sighted approach. There are several million people living abroad, for whom, or for whose ancestors, our Republic is a native land. Many of them, the president noted, are ready to render assistance in developing our international ties. Further, the president dwelled on improving the planning and organization of work in the Foreign Ministry, as well as on its personnel and material-and-technical resources, and pointed out shortcomings in guiding the work of Belarusian representatives abroad.

The president also criticized the cadres policy in the Foreign Ministry. He emphasized: "Every Belarusian citizen who possesses appropriate personal and business qualities should have the opportunity to join the diplomatic service on a competitive basis."

Alyaksandr Lukashenka concluded his address with the following: "One year of working together is a sufficient term for making an objective opinion about the Foreign Ministry's work. This opinion is far from being unambiguous. You are doing quite a lot for our republic. I know many diplomats of various levels who are very absorbed in their job and work wholeheartedly both on the Foreign Ministry staff and in Belarusians missions abroad. I appreciate the fact that the foreign minister and a number of our diplomats enjoy appropriate esteem on the part of their foreign colleagues. All this is an asset to our Republic. On the whole, however, the Foreign Ministry's performance, in terms of its effectiveness, is very far from what is required; it is evidently not purposeful and timely. This is not the way in which the foreign ministry of a young state seeking to take a worthy place among the international community should organize its work. Diplomacy must be more energetic, operational, and oriented toward specific practical results."

The president noted the need to optimize the system of foreign political and economic activities. A competent commission will soon be created to prepare specific proposals regarding this issue.

Lukashenka Favors Trade Unions 'Active' Position

WS1408111895 Minsk BELAPAN in English 0930 GMT 14 Aug 95

[FBIS Transcribed Text] On 11 August, President Lukashenka received Trade Union Federation head Uladzimir Hancharyk.

Speaking to a BELAPAN correspondent, Mr. Hancharyk informed that during the meeting a range of social and economic problems was discussed as well as a prognosis of possible development of events was given. The critical situation in industry was estimated as aggravating, even enterprises which recently operated stopped their production.

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At the meeting, the president and the Trade Union Federation head discussed the results of the recent trilateral negotiations and, in particular, the draft Cabinet resolution "On Measures to Improve the Financial Standing of Enterprises." They agreed that it is necessary to exert control over the implementation of issued decrees and resolutions. According to Mr. Hancharyk, the president promised to control the payment of wages to workers in the sphere of education (as it is known the agreement on this was achieved during the negotiations). They also discussed the problem of health care and the participation of trade unions in this. The president expressed his readiness to favor trade unions taking active part in all social and economic processes in the Republic.

Mr. Hancharyk estimated the meeting as "rather useful" and said that regular meetings of the sort favor the development of social partnership and the social and economic situation as such.

Lukashenka Encouraged by Economic Reform Program

LD1108191295 Moscow INTERFAX in English 1641 GMT 11 Aug 95

[Report by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Alyaksandr Lukashenka has said that the economic reform program has already yielded certain encouraging results. He said that inflation was down from 40% in January to 3%-4% over the past few months. The national currency has remained stable against the dollar (11,500 Belarusian rubles for $1). President Lukashenka is certain that the stabilization of the national currency and prices would bring about the stabilization of production.

He was speaking at a meeting with the workers of the Belarusian metallurgical plant in Zhlobino, the Mogilev region in the east of the country.

President Lukashenka said that attempts by the previous leadership to smoothly reform the economy by gradually raising taxes on the population had proved wrong, because they only whipped up inflation. President Lukashenka said that production could not be increased at a time when the people were getting poorer. He said that planning and launching such measures at the government level was immoral and dishonest. President Lukashenka said that as long as he was president, nobody would be able to resume robbing the people.

President Lukashenka said that the favorable effects of the economic stabilization program had made some industrial managers angry. They are so much used to working in the conditions of the impoverishment of the people that they have proved unable to work efficiently in the conditions of financial stabilization, Lukashenka said. However, there is no alternative to implementing the stabilization program in full.

President Lukashenka said that the Belarusian economy was under control and that any statements to the contrary were provocative rumors.

Measures Against Economic Crime, Corruption Decreed

LD1208192995 Minsk Radiostantsiya Belarus International Service in Belarusian 1800 GMT 12 Aug 95

[FBIS Translated Text] The Cabinet of Ministers of the Republic of Belarus has adopted a resolution on measures directed at strengthening the fight against economic crime and establishing order at crossing points at the state border of the Republic of Belarus. This resolution notes that economic crime is on the increase in the republic because of weak control by law-enforcement bodies and state administration bodies over economic entities of all forms of ownership. There are violations of the current legislation on import and export of goods and industrial raw materials, as well as the rules of [word indistinct] and price formation. There is a growing number of incidents of abuse of official powers by employees at state border crossing points of the Republic of Belarus.

In this connection, the attention of ministers and heads of other central administration bodies is drawn to the need to take immediate measures for strengthening fight against economic crime, to raise the level of personal responsibility over fulfillment of their official duties, to organize a complex of measures directed at prevention of violations and abuse of official powers by employees at state border crossing points of our republic.

Minsk Cuts Costs To Fulfill Nuclear Commitments

LD1408111995 Moscow INTERFAX in English 0954 GMT 14 Aug 95

[FBIS Transcribed Text] MINSK, Aug 14 (Interfax-West) — Belarusian Foreign Minister Uladzimir Syanko has said that the republic's foreign-policy department seeks ways to cut costs while fulfilling Belarus's commitments on nuclear missiles.

A source in the republic's Foreign Ministry told Interfax on Monday that Syanko considers the main result of efforts in this direction the signing of an agreement making it possible for Belarus to receive hard-currency compensation from the United States for assisting teams

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of US inspectors on its territory. The source also described as successful the signing of a Belarusian-Japanese agreement on cooperation in the sphere of nuclear non-proliferation in line with which Japan pledged to earmark $5.2 million in aid to Belarus .

Concerning Belarus fulfilling its commitments on reduction of conventional arms, the source said that the OSCE [Organization for Security and Cooperation in Europe] managed to make it possible for Belarus to be allowed to export some of the decommissioned vehicles and use still others for domestic purposes. This made means Belarus can now keep around 500 machines for domestic use, while it also received the right to export 298 T-80 tanks.

Speaking about the decision of the Belarusian president to suspend reduction of military technology, the source said that "the Foreign Ministry proceeds from the assumption that the president's decision was fully justified, both from the military-political and from the economic standpoints."

Visiting Turkish Foreign Minister Reassured on PKK

NC1208181295 Istanbul HURRIYET in Turkish 9 Aug 95 p 17

[Report by Selin Caglayan: "Belarus' Guarantee on PKK"]

[FBIS Translated Text] Minsk — Belarus has given guarantees to Turkey that it will take all necessary measures to obstruct the Workers Party of Kurdistan's [PKK] effort to get organized in that country. It will be recalled that reports on espionage activities created a tense atmosphere between Turkey and Belarus some time ago. However, Foreign Minister Erdal Inonu's visit to Minsk has normalized the relations between the two sides. The two countries have agreed to cooperate against terrorism. The Foreign Ministries of the two countries will draw up an agreement for that purpose, to be signed in the near future.

Inonu informed the officials that he has received serious reports that the PKK is extorting money from the Turkish bus companies that serve Belarus and he asked them to take the necessary measures. The officials said that they will cooperate with Turkey against the PKK's effort to get organized in that country. They said: "We will take all the necessary measures."

Officials say that the PKK's activities are not yet serious in Belarus. However, they stressed that they are worried that the PKK may use that country as an important transit point on the way to Europe. The PKK issue has recently affected the small trade activities between Turkey and Belarus, which totals nearly $50 million per year. The Turkish buses facilitate the small trading ventures between the two countries.

Erdal Inonu signed an agreement of friendship and cooperation between Turkey and Belarus yesterday. He also signed agreements related to the improvement of air and land transport services, the encouragement and protection of mutual investments, and the improvement of cooperation in bilateral cultural, educational, scientific, and sports activities.

Considering the economic crisis in Belarus—the worst in that country's history—the officials asked Turkey to support the their effort to get an IMF stand-by agreement. Lamenting that they have been unable to make the necessary contacts with the IMF for a stand-by agreement, they said: "You have favorable relations with the IMF. Please help us to make the necessary contacts."

Moldova

PM Sangheli Views Domestic Political Developments

AU1108190395 Chisinau INFOTAG in English 1554 GMT 11 Aug 95

[FBIS Transcribed Text] Chisinau INFOTAG, 11/8/1995 — It is too early yet to speak about the beginning of a presidential election campaign. We should wait till next July, as envisaged by law, Moldovan Prime Minister Andrei Sangheli stated in his interview with the SAPTAMINA weekly paper published today.

"We still have almost a year to work hard, during which much may change," he stressed.

Commenting on rumors about President Snegur, Speaker Petre Lucinschi, and Prime Minister Sangheli contesting the high post, the head of government emphasized that nobody had yet asked him whether he wanted to run in the elections or not, and "I am not thinking about that at present."

For the time being, everybody should perform his or her current duties. In any case, my government is going to operate till the last moment it is asked to resign," the prime minister said.

"The government was formed as a result of democratic elections and of the Democratic Agrarian Party of Moldova [PDAM] having come to power. Yes, we are the government of a ruling party. And even if Parliament succeeds to form a one-party government after the next elections, the country will only win.... Yes, we implement the ideology of the ruling party. But this ideology has no principal differences from the

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principles of other parties, be they in Parliament or out at present," he pointed out. The split in the PDAM should not be regarded as a tragedy for the party, he believes. "Such things happen all over the world, and in all times. I believe. The PDAM is now getting a chance to really crystallize its best forces. The party has changed nothing — it maintains its program backed by the electorate. The tragedy here is for those who quit the party. And it was PDAM's tragedy when those people joined it," Sangheli said.

The prime minister said he had good relationships both with the PDAM and other parties, and with the opposition. "We do cooperate with the opposition, and manage to find points of common interests. And if anybody presumes that it is always easier to work without any opposition, I assure you this is a deep mistake. A work without opposition is a delayed-action bomb, which will surely explode behind your back. The most dangerous thing now is that a new opposition is currently emerging in the camp of power bodies — an opposition, which cares not about the country's future, but about their official posts and stomachs. That is the problem. I do not want to show with my finger [as received], but such people are available even in the government, in the presidential apparatus, and in other echelons of the state governance. That is who present the greatest threat for the Moldovan society," Sangheli emphasized.

He said that the students' strikes may be resumed in autumn, and the government has come into possession of such information. "The students' strike committee is currently governed not by the Chisinau opposition, but by anti-Moldovan forces from abroad and by certain leaders of state structures who are seeking to win something thank to the student movement, though it is very difficult to judge what they in fact want to win," Andrei Sangheli said.

Gagauz Assembly Sets Up Administrative Territories

AU1108192295 Chisinau INFOTAG in English 1554 GMT 11 Aug 95

[FBIS Transcribed Text] Komrat INFOTAG, 11/8/1995 — The Gagauz Popular Assembly will consider the administrative-territorial set-up of Gagauzia tomorrow, INFOTAG was told in the local Parliament.

According to the sources, Gagauzia is likely to preserve the current territorial-administrative subdivision based on areas. In a period when Gagauzia was formed, local residents showed apprehension lest the areas should be revised. Taking their wishes into consideration, the administration decided to preserve the currently existing Komrat, Chadyr-Lunga, and Vulcanesti areas which were included into Gagauzia practically in the shape they used to have before.

Villages of three other Gagauz areas, which failed to get into Gagauzia as a result of a recent referendum, will join other areas in exchange for villages whose inhabitants voted for living in Gagauzia. Thus, four Moldovans-dominant villages of the Komrat area will join the Leovo and Cantemir areas, Bulgarian villages will join the Taraclia area, and two Gagauz villages of the Basarabeasca area and Svetliy settlement will now be in the Komrat area.

Also, the Popular Assembly will decide on formation of administrative structures. They will be formed on the basis of the already existing organs of the Komrat area, so as to save money on the setting-up and keeping of the new apparatuses.

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Kazakhstan

New Commission To Supervise Commodity Exchanges

LD1108182195 Almaty Kazakh Television First Program Network in Russian 1400 GMT 11 Aug 95

[FBIS Translated Text] As is known, on 7 April the Kazakhstani president issued an edict carrying the force of law "On Commodity Exchanges." With a view to its implementation, the Cabinet of Ministers has by resolution confirmed the establishment of a republic-level commission on commodity exchanges, its composition, as well as regulations on granting licences for establishing commodity exchanges, the press center of the Ministry of Economy reported.

In accordance with the resolution, the republic-level commission will licence and set tariff rates for licences for carrying out operations at the exchanges. Among the commission's duties are also control over observance of the legislation on commodity exchanges, examination and supervision of their activities, and protection of the rights of participants in trading at the exchanges.

A working commission has already today worked out a model set of rules for trading at the exchanges, and regulations on the state inspectorate of trading.

Article Views Economic Performance in Jan-May

LD1308133495 Almaty EXPRESS in Russian 11 Aug 95 p3

[FBIS Translated Text] Mutual Nonpayments Eat Away at the Economy

In January-May 1995 the revenue side of the state budget (including sources for covering the budget deficit) totaled 69.2 billion tenge and the expenditure side came to 65.7 billion tenge.

In May this year, in comparison with April, revenue was down by 23 percent and expenditure by about one-third. The value of revenue accumulated in the budget in relation to GDP in January-May 1995, by comparison with January-May 1994, fell by 0.6 percentage points and came to 19.8 percent, while expenditure was up by 0.4 percentage points at 18.8 percent.

The state budget surplus in January-May this year, taking account of sources for covering the budget deficit, was 3.5 billion tenge (1 percent of GDP), whereas if one works only on the basis of compulsory receipts and levies, expenditure exceeded revenue in the budget by 5.7 billion tenge (a deficit).

In the budget system's revenue structure, the share of receipts from the main types of tax (profit tax, personal income tax, value-added tax, excise duties, and targeted financing funds) was 57 percent (37.1 billion tenge) against 60 percent (10.2 billion tenge) in January-May 1994. Over the first five months of this year, the state budget of the republic experienced a revenue shortfall, in comparison with the forecast and taking account of offset payments, of 3.2 billion tenge (5.6 percent of the forecast). Within this shortfall, 2.3 billion tenge (19.7 percent) was on profit tax, 0.5 billion tenge (22.8 percent) on excise duties, and 2.1 billion tenge (41.3 percent) on money for the roads fund.

Of the total volume of state budget expenditure, 43.7 billion tenge, or 71 percent, was directed to financing the main types of spending, including 11.1 billion tenge (18 percent) on state support for sectors of the economy, 25.2 billion tenge (41 percent) on social and cultural measures, and 7.4 billion tenge (12 percent) on maintaining state and government bodies and the law-enforcement agencies.

The financial condition of enterprises and organizations in the Republic of Kazakhstan remains difficult. In the republic as a whole during the January-May period this year, nominal profits (excluding agriculture, small enterprises, banks, and insurance organizations) increased by a factor of 3.6 in comparison with the same period past year, including an increase by a factor of 3.3 in industry. The index of prices charged by producers of industrial output was up by a factor of 12.2 over the same period.

The number of loss-making enterprises is growing. In the first five months of this year their number rose by 70 percent to stand at 3,276 (42.5 percent of the total number of enterprises) as of 1 June this year, with losses totaling 13 billion tenge. At the same time, the number of loss-making enterprises and organizations ranges between individual sectors from 27 percent in industry to 75 percent in housing. More than half the enterprises in Dzhezkazgan, North Kazakhstan, Taldy-Kurgan, and Turgay Regions and in the town of Leninsk had losses in the January-May period.

The problem of settlements among enterprises, organizations, and establishments in the republic remains acute. The volume of payables and receivables is growing from month to month. In May alone, payables owed by surveyed sectors of the economy increased by 13.8 percent to exceed 354 billion tenge as of 1 June 1995, and the corresponding figures for overdue debts were 19 percent and 163.6 billion tenge (overdue debts account for 46.2 percent of all payables). The corresponding figures for the increase in payables and in overdue debts since the beginning of the year were 140 percent and 210 percent.

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At the same time, overdue debts to suppliers increased by 10.4 percent in the month, while overdue debts on payments to the budget went up by 30.2 percent. As of 1 June this year they totaled 80.8 billion and 30.6 billion tenge, and in comparison with January this year these debts were up by 110 percent and 330 percent.

Receivables owed to enterprises and organizations in industry, construction, transport, and agriculture rose during the month by 16.6 percent to stand at 259.8 million [as received] tenge — including overdue receivables in excess of 123 billion tenge (a rise of 24.6 percent), or 47.4 percent of the total. In comparison with January this year, the aforementioned debts were up by 110 percent and 190 percent respectively. Debts more than three months old totaled 88 billion tenge (72 percent of total overdue debts), and were up by 39.6 percent in May and by 330 percent against January.

[signed] The State Committee for Statistics and Analysis of the Republic of Kazakhstan.

Journal Views Oil Export Pipeline Options

LD1108150095 Almaty AZIYA-EZH in Russian No. 3 Aug 95 pp 1-2

[FBIS Translated Excerpt] Where will Kazakh oil flow?

Options for Main Line Export Routes for Oil

Kazakhstan is very rich in oil. The balance of reserves of prospected oil deposits is valued at not less than 2.6 billion tonnes. The republic extracted 23 million tonnes of oil in 1993, and plans to take extraction up to 45 million tonnes by 2000, and up to 70 million tonnes a year by 2010. The realization of these plans should bring an increasing flow of oil dollars into the republic.

One serious obstacle is that Kazakhstan does not have its own oil export pipelines, and Russia has introduced severe quotas for the republic on oil passing through its own oil pipelines. The network of internal pipelines in Kazakhstan has not been developed either.

In the foreseeable future, Kazakh oil will be mainly exported through Russian territory to Novorossiysk, but as oil extraction grows in Kazakhstan, it will become less possible for Russia to transport oil through its territory, not only because of the limited capacity of Russian oil pipelines but also because of the element of competitiveness.

Oil and gas exports are a main source of currency income for Russia, and they keep a considerable part of the Russian economy afloat. Why should they help competitors to enter the world oil market?

Considering this, Kazakhstan has objectively to look for alternative ways of transporting its oil.

Western Kazakhstan, Novorossiysk

The Caspian pipeline consortium was created in 1992, grouping Kazakhstan, the Russian Federation, and Oman. The third participant of the consortium mentioned here is not the Sultanate of Oman but an offshore firm, Oman Oil Company, which is registered in Bermuda. However, it is officially called Oman, and this is what the newspapers call it.

The aim of the consortium is to build a pipeline from western Kazakhstan to Novorossiysk and to transport oil from there to the world market. The total length of the oil pipeline from Kazakh deposits to the Novorossiysk terminals is 1,600 km, and the capacity is 56 million tonnes of oil a year. [passage omitted]

The construction of this oil pipeline takes Russia's interests into account, which is why it is realistic and can be carried out within the shortest period of time, and that is also in Kazakhstan's interests. However, in the more distant future, when oil extraction in Kazakhstan exceeds 60 million tonnes, there will be serious problems with oil transportation through the Black Sea, mainly because from 1 July 1994 Turkey will limited the passage of large oil tankers through the Bosporus and the Dardanelles in order to provide ecological protection for Istanbul.

Turkey is a competitor for Russia in the transportation of Azerbaijani and Kazakh oil. If the Baku-Ceyhan (Turkish Mediterranean port) oil pipeline is built and put into operation, and when the UN sanctions against Iraq have been lifted and the Kirkuk-Yumurtalik oil pipeline starts operating again, the value of the total volume of oil in transit can reach an annual $14 billion. In this case, Turkey will have $500 million annually in clear profits, not taking into account a saving of $3 billion from cutting down oil imports.

Not willing to lose a tasty and very important slice of income from the transportation of oil from the Caspian Sea region through its territory, and mainly in order not to lose the control it still has — albeit considerably weakened — in what are for it are the strategically important regions of the Transcaucasus and Central Asia, Russia, together with Greece and Bulgaria, in the spring of 1995 came up with an initiative to build a Burgas-Alexandroupolis oil pipeline.

The main idea behind the construction of this oil pipeline is to bypass the Bosporus and the Dardanelles, in line with restrictions introduced by Turkey on the passage of large oil tankers, and to transport oil from Novorossiysk to the Bulgarian port of Burgas and from there by pipeline to Greek sea terminals in Alexandroupolis. The length of the pipeline will be 300

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km and the cost will be $700 million. It can be built over three years. [passage omitted]

Kazakhstan-Azerbaijan-Turkey

Turkey is displaying particular interest in the transit of Azerbaijani and Kazakh oil through its territory. A Turkish-Azerbaijani accord on the construction of the Baku-Ceyhan oil pipeline has been signed in Ankara. This pipeline is 1,920 km long and it is believed to be capable of handling 50 million tonnes of crude oil a year. The construction cost of this project is likely to amount to $3 billion. Turkey has announced that it will fully finance the construction of the pipeline on its territory.

By using the existing Atyrau-Astrakhan-Groznyy-Baku oil pipelines, Kazakhstan could export oil further toward the oil terminals of the Turkish port of Ceyhan, thus gaining access to the Mediterranean, from where Kazakhstan's oil could easily find its way to the world market.

Another option is to transport it directly through the Caspian Sea by a pipeline or in tankers. Plans for the project to lay an oil pipeline through the bottom of the Caspian Sea, between Mangistau (Kazakhstan) and Apsheron (Azerbaijan) — which will join the artery from Baku to the Georgian Black Sea ports and from there to Turkey — has already been completed. [passage omitted]

In order to implement the oil pipeline project, it is planned to set up a consortium in which Russian oil companies may also take part. As [President] Nursultan Nazarbayev emphasized: "It will be a very short way out to the world market for Kazakh oil."

Turkey is offering to transport Kazakh oil through its territory arguing, above all, that this option will be considerably cheaper and therefore more profitable. According to calculations by the Turkish national oil company, the transportation of one tonne of oil from Kazakh oil deposits to customers in Geneva through Turkey could cost slightly over $3 instead of over $6. This means that losses or revenues from the possible export of, for example, 40 million tonnes of Kazakh oil could come to about $120 million.

In order to deliver Kazakh oil to world markets via Turkey, it is necessary to link Kazakh oil deposits to the Azerbaijani oil transportation system. In this case, the shortest route for an oil pipeline from Azerbaijan to the Mediterranean is via Armenia and eastern Turkey. However, the unresolved dispute between Azerbaijan and Armenia over Nagorno-Karabakh makes this route an unrealistic prospect in the near future. Another option is via Georgia, but it is still locked in the fighting with Abkhazia.

In the first half of 1995, however, the Caspian consortiums stepped up talks with the Georgian and Turkish governments on the possibility of transporting oil through these countries to the ports of Poti and Batumi (in Georgia) and then on to Mediterranean ports (in Turkey). It is obvious that the further revival of these talks is connected with the fact that Western companies are no longer absolutely confident of the safety of the oil pipelines across the northern Caucasus (where the main proportion of oil and gas pipelines is concentrated; they link the republics of the former Soviet Union with its Azov-Black Sea and Dunay ports) because of the war in the Chechen Republic. [passage omitted]

However, Turkey also has the problem of guaranteeing the safety of a future oil pipeline on its territory. The Kurdish rebels who are active on its territory are able to carry out acts of sabotage along the route of the future oil pipeline. Operation Dawn, which Turkey carried out against Kurds in northern Iraq in spring 1995 using tanks and planes, was primarily aimed at demonstrating its ability to control its territory on which the oil pipeline is to be laid.

The United States is playing a great role in finally resolving the issue of the route of a future oil export pipeline from the Caspian region. The United States' principal goals in the export of oil from Azerbaijan and Kazakhstan are to protect the interests of American oil corporations which have invested capital in these newly independent states. Proceeding from this, the United States has first and foremost officially backed the project to build the oil pipeline from the Caspian Sea region through Turkey and has informed the states of this region about this. The reasons for this U.S. approach include hostility toward Iran and the agreement reached between Iran and Turkmenistan on building pipelines through their territory. [passage omitted]

Which project is more favorable, the Greek or the Turkish one? The Greek pipeline is 300 km long and the Turkish one 2,000 km long. The Greek pipeline has to be laid through countries with stable political regimes — Bulgaria and Greece. The Turkish one has to be laid through eastern Turkey, where Kurdish rebels fighting to form an independent Kurdistan are actively operating.

From the economic point of view, attention will be paid to the fact that the mountainous relief of the Turkish territory makes every kilometer of the pipeline more expensive than the Greek option. All these are correct, but the Greek option also has disadvantages. The oil is to be transported by tanker from Novorossiysk to Burgas, which makes the transportation of oil more expensive

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and increases the ecological risk for the Black Sea. The shortest route from Baku to Novorossiysk can be laid only through Dagestan and in the whole unstable northern Caucasus.

Kazakhstan-Turkmenistan-Iran

Close geographical proximity provides the opportunity to dispatch Kazakhstan's oil both through the Caspian Sea and through Iranian territory. From a purely economic point of view, the Iranian option is the cheapest one. There is already a Kazakh-Iranian protocol envisaging the construction of an oil pipeline linking the Tengiz oil fields in Kazakhstan with the port of Aktau on the Caspian. Only 100 km of oil pipeline needs to be built in order to send oil via the Iranian Caspian Sea port of Bandar-e Anzali to the Tehran, Tabriz, Arak, and Esfahan refineries.

There is another quite realistic route for the oil export pipeline — through Turkmenistan to Iran. Turkmenistan is planning to bring gas production to 120 billion cubic meters by the year 2002, and oil production to 28 million tonnes. That is why Turkmenistan is also interested in building gas and oil pipelines, particularly toward the south. [passage omitted]

The transportation of oil to Iran through Turkmenistan is more favorable, as this way is shorter than through the Caucasus. Its transportation through the Caspian Sea needs the formation of a powerful tanker fleet, which will put the delicate ecological system of the Caspian at risk, apart from costing a good deal of money.

Western Kazakhstan-Kumkol Oil Pipeline

Kazakhstan's prime task is not only to build major oil exporting pipelines but also domestic pipelines. Their lack will slow down the increase of oil production in Western Kazakhstan and will maintain dependence on supplies from Russia. For various reasons (both economic and noneconomic), supplies of Russian oil to the central and southern parts of our republic are currently unstable, and thus the Pavlodar and Chimkent refineries are affected by stoppages.

Meanwhile, there are also large reserves of oil and gas in southern Kazakhstan as well as in its southern parts. For example, the extracted and prospected oil reserves in the Kzyl-Orda Region are estimated at 250-300 million tonnes, and gas at more than 100 billion cubic meters. This region contains the Kumkol deposit, whose oil reserves are estimated at 89.4 million tonnes and gas reserves at 8.75 billion cubic meters. The recently approved decision to build the Western Kazakhstan-Kumkol oil pipeline will allow large volumes of Kazakh oil to be quickly dispatched to these refineries. On 12 June 1995, the Kazakhstan state holding company Munaygaz and the International Pipeline Consortium, who intend to develop domestic oil and gas pipeline networks, signed a memorandum of mutual understanding in Almaty on areas relating to the principles of creating an open type joint company.

It is intended that this future company will participate in building the Western Kazakhstan-Kumkol-Pavlodar-Chimkent oil pipeline and the Aksay (Karachaganak)-Krasnyy Oktyabr gas pipeline, further extending to Akmola and Chelkar (north of the Aral Sea) and joining the Bukhara-Ural gas pipeline. Construction of the Pavlodar-Semipalatinsk-Ust Kamenogorsk and Pavlodar-Akmola- Karaganda-Chimkent-Almaty pipelines are envisaged for the future.

The implementation of these projects will make it possible to fully meet Kazakhstan's domestic needs for oil and oil products from its own reserves and to resolve the issue of the republic gaining energy independence in this way.

Kazakhstan-Far East

The construction of developed domestic gas and oil pipeline networks through which oil and gas from the west and south of Kazakhstan will be transported without stoppages and in large amounts to the east and southeast of Kazakhstan will create favorable preconditions for implementing the idea of exporting oil and gas to Japan and South Korea through China.

Of course we are talking about a project for the 21st century, but it was already discussed during Kazakh President Nursultan's visit to Beijing, Tokyo, and Seoul and it is currently being worked out at expert level. [passage omitted]

Kyrgyzstan

Akayev Issues Edict To Counter Tax Evasion

LD1108190595 Bishkek Kyrgyz Radio First Program Network in Russian 1300 GMT 11 Aug 95

[Edict issued by President Askar Akayev on 11 August — read by announcer]

[FBIS Translated Text] Evasion of tax payments and other infringements of the law in the financial sphere are becoming one of the most widespread forms of crime, and taking on a scale that bears a direct threat to the economic security of state. Thus, facts of concealing large amounts of taxes have been uncovered at the Kadamdzhay integrated antimony works, at the joint-stock companies Bakay, Akbula, at the Kant oil products supply enterprise, and at several other enterprises.

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Incomplete receipt of taxes and other obligatory payments from enterprises is reducing the financial ability of the state to solve urgent social problem, and is one of the main reasons why wages are not being distributed on time to employees of budged-funded organizations, or pensions and benefits to the badly-off sections of the population.

Some economic leaders are openly ignoring the interests of the state and laws, and are without authority withdrawing and not returning material values borrowed, and precisely thereby gravely violating discipline in the storage of state and mobilization reserves.

To combat the unlawful actions committed by the heads of enterprises in the economic sphere, and to reinforce tax and state discipline, as well as in the light of proposals from the Security Council under the President of the Kyrgyz Republic, I decree the following:

1. (Sultanaliyev) is to be released from the post of director of the Kant oil products supply enterprise for grave breaches of tax legislation in the form of concealing taxation revenues in large amounts.

(Panshin) is to be released from the post of director of the Sokuluk Torgmash [trade machinery] plant for grave breaches of tax legislation in the form of concealing taxation revenues in large amounts, and for the unauthorized withdrawal of material values from the mobilization reserve.

2. The Fund of State Property of the Kyrgyz Republic is, within a week, to take measures to release the following officials from their posts, in line with the procedure established by law:

— (Shekinov) from the post of director of the Akbula [White fiber] joint-stock company;

— (Mamytkanov) from the post of director of the Bishkek liqueur and vodka distillery state joint-stock company;

— (Mansurova) from the post of director of the joint-stock company (Bishkekhammedisi) for grave infringements of tax legislation in the form of concealing taxation revenues in large amounts.

3. The government of the Kyrgyz Republic is, within a week, to submit to the Supreme Council of the Kyrgyz Republic an appeal for approval to release the following deputies of the Assembly of People's Representatives from their mandates:

— Mamat Maripovich Aibalayev from the post of director of the Kadamdzhay integrated antimony works, for grave infringements of tax legislation in the form of concealing taxation revenues in large amounts;

— (Sydykov) from the post of president of the state joint-stock company Kyrgyzdanazyk [Kyrgyz grain foodstuffs] for breach of state and financial discipline in the form of grave deviation from the established procedure of storing and use of wheat grain from the state reserve.

4. The prosecutor-general of the Kyrgyz Republic is, within 10 days, to consider the question, in accordance with the procedure established by law, of the criminal responsibility of the heads and other officials of the joint-stock companies Bakay, its general director is (Ibraimov), Ilbirs, its general director is Jenishbek Abdiyevich Tentiyev, Kyrgyzkilem [Kyrgyz carpet], its general director is (Alymbekov), Kadam, its general director is (Vodenisov), Bishkeksut, its chairman of board is (Rumyantseva), and of other enterprises, who have concealed tax revenues, as well as the heads and officials of the joint-stock company Kyrgyzavtomash [Kyrgyz auto-machinery], its president is (Omuraliyev), for the unauthorized withdrawal of material values from the mobilization reserve.

5. The heads of the regional state administrations, and the self-government of the city of Bishkek, in conjunction with the Fund of State Property of the Kyrgyz Republic and the relevant ministries and state committees, are to adopt measures to release these heads of state enterprises and joint-stock companies from their posts, in accordance with the procedure established by law, for concealing and underestimating incomes and revenues for taxation.

6. Control over execution of this edict is to be allotted to Dzhumabek Ibraimov, the state secretary to the president of the Kyrgyz Republic.

[Signed] Askar Akayev, president of the Kyrgyz Republic, Government House, Bishkek, 11 August 1995.

Article Attacks President Akayev's Economic Plans

LD1208172195 Bishkek RES PUBLICA in Russian 8 Aug 95 p3

[Article by Kerim Dzhunushev, professor and doctor of economics: "The President's 'Achievements'"]

[FBIS Translated Excerpt] Let us try once more to prove that President Akayev is deeply mistaken in trying to carry out the "instructions" and "recommendations" of international financial and banking organizations under the guise of "technical aid" to the Kyrgyz Republic. The president is not independent in his economic policy, he has no overall economic plan of his own and visits other countries "with cap in hand".

In fact, the total amount of foreign credits granted to Kyrgyzstan up to 1 January 1994 was 1.005 billion U.S.

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dollars, including 104 million dollars from the United States. If the average interest on these credits is 10 percent, then our debt will be more than 350 million dollars. In addition, the total amount of credits is growing, and consequently the amount of interest will grow as well. According to the schedule under which CIS countries are due to repay the bulk of their debts on interstate credits from the Russian Federation in 1994-1997, the Kyrgyz Republic is to repay credits to the Russian Federation as follows (in U.S. dollars) — 23.8 million in 1995, 23.8 million in 1996 and 23.8 million in 1997, making a total of 71.4 million. Moreover, the Kyrgyz Republic is also in debt to Uzbekistan, Turkmenistan, and Kazakhstan. Internal debts are likewise growing intensively. Thus Kyrgyzstan and its people are hostages of foreign capital. It is definitely clear that the people of Kyrgyzstan — even several generations, present and future — will not be able to pay off these debts. The main thing is that people will gain no benefit from these foreign credits. Everything is being directed towards accelerating "economic reforms" — that is, towards destroying the economy and towards the further impoverishment of the people. Literally all the models about which Akayev speaks — "the civil code", "economic reform" and "privatization," including moving land plots and state enterprises into private ownership by selling them on stock exchanges and turning them into joint-stock companies — all this is settled and determined by the West. Akayev affirms that we, the people of Kyrgyzstan, will "live and develop" with Western "investment". Kyrgyzstan, consequently, is in practice not governed by the president, the government and the parliament, which have actually become obedient puppets of the West. [passage omitted]

Regarding the "open door" policy for foreign capital, it is dangerous for small Kyrgyzstan. We are not the People's Republic of China and not Russia; foreign capital will simply swallow us up and we will become hired slaves, and a maximum amount of profit will flow out of the republic. That is why Akayev's hope that we will live on Western investment and foreign businessmen is extremely dangerous and illusory for us. An example of this is the Cameco- Kumtor [gold mine joint venture], where we shall have to buy our own gold at international prices — 380-390 dollars per ounce.

"In spite of our economic and social misfortunes," A. Akayev said recently, "I am firmly convinced that the economic reforms which we are pursuing have, of course, yielded positive results and set in motion the ossified, completely state-run economy. Encouraging symptoms of economic recovery have appeared." However, very recently he declared that "we are heading for a catastrophe." The president must answer for his words and deeds.

What are the president's "achievements"? "The freeing of prices," he claims. Freeing from what? Obviously, from planning and price-setting. What has it led to? To high prices, accelerated inflation, impoverished people and insolvent enterprises. The state has become bankrupt as a result, and we really are heading for a catastrophe. Regarding the level of inflation, the president ought to tell the truth and not to misrepresent the facts, deceive the people and pass himself off as businesslike and competent. [passage omitted]

If everything that Akayev is doing is based on mistakes, if not on fraud, then how can we trust the president?

The size of the minimum consumer budget (as of 1 March 1995) was 476.4 soms per head of population — 566.02 soms for an able-bodied person of working age, 395.7 for a pensioner and 416.1 for a child up to 17 years old. The cost of the minimum consumer budget fluctuates between 400 soms in Dzhalal-Abad Region and 528 soms in Chuy Region. Thus, the social and economic position of the population deteriorated sharply in the first quarter of 1995. Total wage arrears came to 255.3 million soms in January 1995. These arrears are growing. Inflation is likewise on an upward curve: as a monthly average (January and February 1995) it was 6.8-7.1 percent. Thus, we cannot expect to see the "radiant future" for a very long time. [passage omitted]

All this is the consequence of the deeply mistaken foreign and domestic policy of Akayev, who has no genuinely scientific political, ideological and — especially — economic thinking, as is confirmed by public practice. The majority of the population — by their own experience and if not through conscious thought, then through their hungry stomachs and wretched existence — are convinced that President Akayev and company cannot extricate the republic from the crisis. The president is now above the state, above the constitution and above the people, and this contradicts the principles of any democracy. Unfortunately, he has completely forgotten the interests of the people but not his own. He is using the courts to settle accounts with his opponents. Having lost the trust of the people, he is immodestly trying unconstitutionally to extend his term as president. [passage omitted]

The president's promise on the eve of the referendum in his "Address to the people" has turned out to be impracticable: "I shall use the political results of the referendum to strengthen all the branches of authority," he said, and the results were also to be directed towards "effective and successful work to tackle the vitally important problems of society". The post-referendum

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price increases have hit the poorest sectors of the population very hard — and this is not the end yet. The "freest" prices in the world are still ahead. Akayev's latest speeches to the government and at other meetings show that the president has lost control of all the reins of government.

In my opinion, the president has completely exhausted his possibilities. The same should be said about his "reformist dictatorship", economic reforms, strategy and tactics, which, in essence, have collapsed completely. The times and the problems demand an alternative, not table-thumping but sharp minds and competent government. The moment for Akayev's voluntary or involuntary resignation under the constitution (articles 51, 52, 53) has come; it is due and even overdue. He should make the decision to resign. However, this is unlikely. Evidence of this is the collection of signatures for a referendum to extend the term of his presidency until 2000. The present social and economic situation requires a radical renewal of power and more competent personnel.

Akayev Visits Powerplant, Pledges To Solve Problems

LD1108193395 Bishkek VECHERNIY BISHKEK in Russian 7 Aug 95 p 1

[FBIS Translated Excerpt] President Askar Akayev promised to settle all problems at one stroke during his visit to the thermal-electric powerstation. The point is the allocation of a $25 million credit promised by the Asian Development Bank to Kyrgyzenergoholding [Kyrgyz state energy company]. The sum is considerable, but the power system has plenty of holes to be patched up. Meanwhile, this sector carries rather sizeable weight in ensuring the economic security of the state. Having stressed this idea, Akayev noted that now each of the CIS countries is facing the problem of ensuring economic independence. Every country will be forced to pay particular attention to the problem of power supply. [passage omitted]

This is the situation today. There are 240,000 tonnes of coal in warehouses, that is 3.5 times more than the figure for this date last year. This is, however, not at all a cause for a joy — 1.2 million tonnes should be stockpiled. As for natural gas and fuel oil — the situation with the latter is worst of all.

Repairs are being carried out, albeit not with open enthusiasm. The thermoelectric power station owes 25 million soms to contractors for the work already carried out. As the workers, they have still not received their wages for April, the amount owed to them has grown to 5.2 million soms.

The president gave orders to find the money for wages on the spot; saying that one should be grateful to these people, and not try their patience. Representatives from the government, Kyrgyzenergoholding, and other state departments present at the meeting with the work force were ordered to prepare a draft resolution on essential assistance to the power supply system, first of all to the thermal-electric powerstation, immediately on their return to their offices.

Akayev's visit to the thermal-electric powerstation — his third in a row — appears to have been highly successful.

There is, however, another nuance — consumers' debts. Eight million soms must be returned from the people, and 14 million soms from enterprises. Let us add it up: The repairmen are carrying out work to the value of half a million soms daily. They could work for more than a month if we paid our debts. They can thus bring this bulky and cumbersome thermal-electric powerstation to complete readiness, giving us heat and hot water all winter long. However, according to forecasts, it is expected to be much more severe than last winter, which itself caused a good deal trouble to city dwellers.

Tajikistan

Situation on Afghan Border Said Deteriorating

LD1208083495 Moscow ITAR-TASS in English 0745 GMT 12 Aug 95

[FBIS Transcribed Text] DUSHANBE August 12 (ITAR-TASS) — A patrol of Tajik borderguards on the Turg strategic elevation in the area of the 12 post of the Moskovsky border detachment was shelled from trench mortars overnight, ITAR-TASS learnt from military sources in Dushanbe.

Fire was conducted from the Afghan side. Luckily, there were no casualties among borderguards. Fire was not returned.

The situation remains also tense at the Pamir section of the Tajik-Afghan border. According to information from the press centre of Russian border troops in Tajikistan, 300 opposition gunmen are massed on the Afghan side, opposite posts of the Khorog border detachment.

They are headed by notorious field commander Dzhumaboi and Mullo Abdugafur, who operated earlier at the Kalaikhumsky section of the Pamir border.

The aim of this re-deployment is to engineer provocations against borderguards of the Khorog border detachment and to penetrate into Tajikistan for subsequent combat operations.

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Military sources note that, all in all, 1,500 gunmen of Tajik opposition are massed against Russian border-guards at the Pamir section of the Afghan border.

In this connection, the command of border troops again points to violations of the intra-Tajik agreement on temporary ceasefire, including ceasefire on the border, which was prolonged by the two parties to the conflict till August 26.

Reportage on Changes Decreed in Tajik Interior Ministry

Salimov Dismissed, Offered New Appointment

LD1408111395 Moscow ITAR-TASS in English 1035 GMT 14 Aug 95

[By Galina Gridneva]

[FBIS Transcribed Text] DUSHANBE, August 14 (ITAR-TASS) — Tajik president Emomali Rakhmanov signed a decree on Sunday dismissing from his post the 37-year old Interior minister Yakubdzhon Salimov, ITAR-TASS learned from well-informed sources in the Tajik government.

Salimov was appointed to the post of the Interior minister by the now Tajik government which came to power in December, 1992 with Salimov being one of its main supporters. During the civil war in spring-autumn, 1992 Salimov was a prominent field commander of the People's front movement and it was under Salimov's command that army units broke into Dushanbe in December, 1992 and opened the way for the now government to come into office in Dushanbe.

In accordance with an official wording of the decree, Salimov was dismissed from his post in connection with his transfer to another job. Salimov was reportedly offered a diplomatic post in one of foreign Oriental countries, the same source said.

Nevertheless, independent observers see a link between his dismissal and strong criticism expressed by the Tajik president of the activities of the Tajik Interior ministry which failed to put an end to lawlessness and an increasingly growing crime rate, including assassination, terrorism, vandalism, hostage taking or direct or indirect involvement of some law enforcement agents in these crimes.

The Tajik government was also concerned about growing powers of their former comrade-in-arms and an unjustifiable increase of the personnel of the Interior Ministry in which some departments went out of the Tajik leadership's control. In a recent incident, the command of a battalion of the Tajik Interior ministry stationed in the South of Tajikistan has been boycotting a recent Presidential decree which rules that this battalion shall be disbanded and its servicemen taken over by the Tajik ministries for Defence and National Security.

The post of the Tajik Interior minister has been offered to the head of the Tajik Secret Services department Saidamir Zukhurov believed to be an intelligent and strict boss.

Spokesman Explains Ministry Changes

LD1408122595 Moscow ITAR-TASS in English 1201 GMT 14 Aug 95

[FBIS Transcribed Text] DUSHANBE, August 14 (ITAR-TASS) — President of Tajikistan Emomali Rakhmanov today signed a decree appointing Major-General Saidamir Zukhurov, 44, as the new Minister of Internal Affairs.

Zukhurov, who earlier commanded the republic's special services, comes to replace Yakubdzhon Salimov, 37, who has been appointed Tajikistan's ambassador to Turkey.

The decree names Major-General Saidanwar Kamolov [name as received], 45, as the new national security minister. Kamolov previously served as Deputy Minister of National Security in charge of investigating activities. He also headed the directorate in charge of combating economic crimes.

The President's press secretary Davlat Davlatov told ITAR-TASS today that the new appointments were prompted by the need to further improve the activity of the "force structures" and reinforce them with professionals.

Both new ministers are "cadre" specialists who have served with law-enforcement agencies for close unto a score of years and have actively supported the President's policy aiming to consolidate law and order in the country. Both intend to declare full-scale war on corruption, terror and other serious crimes, the press secretary said.

The new leaders of the two ministries also back the President's foreign policy aimed at stabilising the social and political situation in the country and achieving national peace and concord as soon as possible, Davlatov said.

Reportage on Iranian Delegation's Visit to Dushanbe

President Rakhmanov Receives Velayati

LD1208093995 Dushanbe KHOVAR in Russian 0550 GMT 12 Aug 95

[FBIS Translated Text] [no dateline as received] President Emomali Rakhmanov received an official Iranian

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delegation led by Dr. 'Ali Akbar Velayati, foreign minister of the Islamic Republic of Iran, today, 11 August [as received].

The Tajik head of state warmly welcomed the Iranian delegation on its visit to Tajikistan. He especially emphasized that he is very glad to meet the Iranian foreign minister again.

'Ali Akbar Velayati presented a personal message from the President Hashemi-Rafsanjani of Iran to President Emomali Rakhmanov. He added that Iran regards the results of the Tajik president's recent visit to that country as fruitful.

During their talk they discussed the implementation of the agreement reached between Tajikistan and Iran a month ago in Tehran and, in particular, the trilateral agreement between Tajikistan, Iran, and Turkmenistan on oil and gas supplies to Tajikistan. Tajikistan has an interest in the conclusion of this agreement, as it is experiencing great difficulties owing to the shortage of oil and gas.

It was also noted at the meeting that the Tajik leadership praised the efforts of the leadership of the Islamic Republic of Iran to secure a peaceful settlement of the conflict in Tajikistan. The Tajik president expressed confidence that the Iranian side will do everything to ensure the swift, successful completion of the inter-Tajik negotiations.

Rakhmanov, Velayati Discuss Peace Process

LD1108114695 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0930 GMT 11 Aug 95

[FBIS Translated Text] The president of Tajikistan has stressed the fundamental role that the Islamic Republic of Iran plays in the Tajik peace process. He has also underlined the need for the speedy implementation of the agreements reached so far with the opposition leaders.

Mr. Emomali Rakhmanov, in his meeting today in the Tajik capital with Foreign Affairs Minister 'Ali Akbar Velayati, called for the expansion of economic ties between the two countries and said: Establishing the first air link between Iran and Tajikistan via Dushanbe, Mashad, and Tehran will further facilitate our bilateral cooperation.

Mr Velayati, in turn, said he was pleased with the result of Mr Rakhmanov's visit to Tehran, in particular the signing of the Tehran Agreement. He expressed the hope that with the publication of the content of that agreement, especially the section concerning the exchange of POWs, the Tajik people will be able to unite and engage in the reconstruction and development of their country.

In the meeting, the two sides also agreed that the tripartite commission to study avenues for cooperation between Iran, Turkmenistan, and Tajikistan should meet in the near future.

Rakhmanov Praises Iran's Conflict Resolution

LD1108181495 Moscow INTERFAX in English 1502 GMT 11 Aug 95

[FBIS Transcribed Text] DUSHANBE, Aug 11 (INTERFAX) — Tajik President Emomali Rakhmanov, who met with Iranian Foreign Minister 'Ali Akbar Velayati in Dushanbe Friday, praised Tehran's role in resolving the conflict between the Tajik government and the opposition.

Rakhmanov expressed the hope that Iranian leaders would further influence the developments in order to resolve the conflict peacefully as soon as possible, sources in the Tajik Foreign Ministry press office told INTERFAX.

The Tajik president and Iranian foreign minister also discussed a possible agreement between Tehran, Ashgabat and Dushanbe on supplies of oil and gas to Tajikistan.

According to a Tajik Foreign Ministry official, "Dushanbe is very interested in signing the agreement and in carrying it out as soon as possible because the republic is experiencing serious difficulties due to shortages of oil and gas."

Velayati Reiterates Desire For Peace

LD1108191895 Moscow ITAR-TASS in English 1802 GMT 11 Aug 95

[FBIS Transcribed Text] DUSHANBE, August 11 (ITAR-TASS) — Iranian Foreign Minister 'Ali Akbar Velayati, currently on a three-day visit to Dushanbe, said during his talks with Tajik President Emomali Rakhmanov today that Iran was sincerely interested in peace and stability in Tajikistan and was prepared to render assistance in promoting the negotiating process for political settlement of the intra-Tajik conflict.

The Iranian minister reminded of the fact that since the very beginning of the conflict Iran had been against armed methods of settlement of the Tajik conflict and declared that it was fatal for Tajikistan's integrity and its nation. It was in Tehran that a bilateral agreement on a temporary ceasefire was signed last October between official Dushanbe and leaders of the Tajik opposition and which was extended until August 26, 1995.

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For his part, Rakhmanov expressed his sincere gratitude to the Iranian leadership for the contribution made by Iran, as a state-observer, to the peaceful settlement of the intra-Tajik conflict and expressed the hope that these efforts would be continued. The Tajik president said that the Tajik government, for its part, would do everything possible to step up another round of the intra-Tajik dialogue and believes that there is no alternative to the peaceful settlement of the Tajik crisis.

During the meeting, the two sides discussed prospects for bilateral relations between Iran and Tajikistan. It was pointed out that special significance was attached to the realisation of a tripartite agreement between Iran, Tajikistan and Turkmenistan on supplies of oil and gas to Tajikistan. This agreement was signed during a recent visit to Tehran and Ashgabat by a government delegation led by Rakhmanov.

The Iranian minister handed in to the Tajik president a personal message from the Iranian president.

On Saturday, the Iranian foreign minister is leaving for Tehran.

Karimov, Velayati View Economic Ties

LD1208105695 Tehran IRNA in English 0849 GMT 12 Aug 95

[FBIS Transcribed Text] Dushanbe, Aug 12 (IRNA) — Promotion of Tehran-Dushanbe economic cooperation was discussed in a meeting between Tajik Prime Minister Jamshed Karimov and visiting Iranian Foreign Minister 'Ali Akbar Velayati here on Friday.

During the meeting Karimov voiced his country's readiness to adopt necessary measures for speedy implementation of the agreements reached during the Tajik president's recent visit to Iran.

He explained the transition of Tajikistan's state economic policies towards privatization and said his country is interested in learning from Iran's experience in this respect.

Karimov urged Iran to invest in Tajikistan and welcomed the planned air link between the two capitals and the extension of the railroad between the two countries.

He also lauded Iran's efforts to put an end to the civil war in his country which resulted in the signing of the Tehran Accord between the Tajik president and opposition leader.

Velayati for his part underscored the importance of bilateral political, economic and cultural cooperation and said that Tehran-Dushanbe air link via Mashhad will expand bilatertal economic cooperation.

The foreign minister also voiced Iran's readiness to organize scientific courses for Tajik managers and experts and cooperate with Tajikistan in scientific and cultural fields.

Velayati underlined the importance of regional cooperation and said cooperation within the framework of the Economic Cooperation Organization (ECO) would enhance bilateral relations.

Talks on Iranian Oil Deliveries Continue

LD1108163195 Dushanbe Radio Tajikistan Network in Tajik 1100 GMT 11 Aug 95

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[FBIS Translated Text] Today, Omonullo Hukumov, the chairman of the Tajiknefteprodukt [Tajik oil products] state company, met (Qozimpur Arbavili), deputy Foreign minister of the Islamic Republic of Iran. During the friendly meeting, the issue of delivering Iranian oil to our republic was discussed.

It should be mentioned that preliminary agreement was reached on this issue during the official visit of Emomali Rakhmanov, the president of our country to Iran. The main point discussed during that visit in particular concerned preparing a trilateral agreement between Tajikistan, Iran, and Turkmenistan. Signing the agreement will allow the opportunity to refine Iran's oil at Turkmenistan's enterprises and deliver it regularly to Tajikistan.

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Armenia

U.S. AID Plans To Halve Aid to Armenia

NC1308180095 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 1325 GMT 13 Aug 95

[FBIS Transcribed Text] Yerevan ("LRAGIR" daily-SNARK), 08/10/95 — U.S. Agency for International Development [AID] plans to halve its aid to Armenia in 1996, Armenian Independent Media Center reported.

USAID allocated $40 mln. [million] to Armenia in 1995. Congressmen John Porter (Republican) and Frank Pallone (Democrat) sent a message to vice-president of USAID Thomas Dine on 7 August, expressing their worry in regard with decreasing aid to Armenia.

RMK Favors Package Resolution With Azerbaijan

NC1208202695 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0646 GMT 12 Aug 95

[FBIS Transcribed Text] STEPANAKERT ("LRAGIR" daily-SNARK), 08/12/95 — RMK [Republic of Mountainous Karabakh] Foreign Minister Arkadi Ghukasyan declared in the parliament that a package agreement is necessary for resolution of the conflict within the framework of OSCE [Organization on Security and Cooperation in Europe] Minsk group.

A package solution, first of all, requires technical strengthening of cease-fire, and then resolution of political problems, first of which is the problem of RMK's status.

In the contrary to Karabakh, Azerbaijan and Armenia are supporters of stage-by-stage mode of conflict resolution, where the last problem to discuss is RMK's status.

RMK Foreign Minister declared that stage-by-stage mode has no future. According to Mr. Ghukasyan, sides of the conflict and mediating countries will soon or late agree with the package mode of resolution.

Azerbaijan Reportedly Shells Border

NC1408114495 Yerevan SNARK in English 0957 GMT 14 Aug 95

[FBIS Transcribed Text] Yerevan, August 14 (SNARK)—Another border incident along the north-east area of Armenia's border with Azerbaijan was recorded early in the morning of August 14. Azeri armed units shelled defensive positions of the Berdavan village, Noyemberian region, for half an hour using mortars and other weapons.

The Press Office of the Armenian Defense Ministry informed SNARK that Armenia took retaliatory measures to stop the fire. No casualties or damages have been reported.

A relative lull has been observed along other parts of the border between Armenia and Azerbaijan.

Government Approves Investment Plans for 1996-98

LD1108165495 Moscow INTERFAX in English 1310 GMT 11 Aug 95

[FBIS Transcribed Text] YEREVAN, Aug 11 (INTERFAX) — The Armenian government has approved investment plans for 1996 through 1998.

Government sources told INTERFAX that investment will be made in, primarily, production infrastructures, the reconstruction of power production facilities, the putting into operation of power unit 1 of the Armenian nuclear power plant (power unit 2 is to be put into operation in late August or early September), road-laying ventures, the extension of the Yerevan subway lines and the laying of the Iran-Armenia gas pipeline.

The government is also planning to upgrade the existing health care programs, encourage highly effective agricultural projects and reform the social security and educational systems.

It hopes to get at least $600 million from international financial organizations.

Karabakh Parliament Passes Privatization Program

NC1208201695 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0606 GMT 12 Aug 95

[FBIS Transcribed Text] Stepanakert ("AZG" daily), 08/12/95 — Session of RMK [Republic of Mountainous Karabakh] parliament continued on 11 August. It accepted privatisation program, proposed by the President Robert Kocharyan.

The parliament also affirmed the presidential order, according to which Martial Law in the republic will last until 1 January 1996.

Head of the RMK Tax Inspection Mr. Nver Baghdasaryan reported about operation of his newly created inspection.

RMK Foreign Minister Arkadi Ghukasyan made a report about the regular Armenian-Azeri negotiations, recently held in Baden, Austria, and answered the questions of deputies.

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RMK Not Yet Planning Land Privatization

NC1308180695 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English GMT 95

[FBIS Transcribed Text] Stepanakert ("AZG" daily), 08/08/95 — "RMK [Republic of Mountainous Karabakh] governmental program of economic changes does not plan privatisation of land so far", said Prime Minister Leonard Petrosyan.

He said that the final decision will be made by the parliament, to provide such a mechanism for privatisation of land, to eliminate the possibility of selling land to citizens living outside the RMK. As long as the law about privatisation of land does not exist, there are no laws regulating sales of land, and RMK Government has not taken such responsibility.

According to Prime Minister, parliament will deal with this problem, and if it accepts a law about privatisation of land, the government will not mind. "On the contrary, we'll support it with certain limitations. Sales of land should not become a monopoly of separate individuals. Otherwise, foreigners may completely buy our land in the future", Leonard Petrosyan said.

ARF Leader Hovhanessyan Said Charged With Treason

NC1208200995 Yerevan NOYAN TAPAN in English 1748 GMT 11 Aug 95

[FBIS Transcribed Text] 11/08/95 NOYAN TAPAN — Sources close to ARF [Armenian Revolutionary Federation] "Dashnaktsutyun" report that on August 10 an indictment was returned against Vahan Hovhanessyan. Hovhanessyan is accused of treason (Article 59 of the Armenian Criminal Code) and terrorist act (Article 61). The same charges were brought against some members of a terrorist group arrested on July 28 night. Both articles stipulate 10-15 years of imprisonment or death sentence and confiscation of property.

Head of information service of the Armenian Prosecutor's Office Sergey Vardanyan neither denied nor confirmed the aforesaid information. He noted that such indictment was returned against an employee of KGB, who illegally crossed Armenia's border near Leninakan and penetrated Turkish territory. He was arrested in London, then returned to the USSR and convicted.

Court Announces Indictment in 'Dro' Case

NC1108174495 Yerevan NOYAN TAPAN in English 1809 GMT 10 Aug 95

[FBIS Transcribed Text] 10/08/95 NOYAN TAPAN— On August 10 the Armenian Supreme Court's Judicial Board on Criminal Proceedings continued hearings in connection with the "Dro" clandestine organization.

Prosecutors Grigoryan and Hunanyan announced indictment, which in particular reads:

"To get rid of individuals, who encroached on lives of members of the Armenian Revolutionary Federation Dashnaktsutyun (ARFD), as well as members of ARFD, who "betrayed Party's interests" and launched subversive activities within it, as well as to organize drug trafficking Hrand Margaryan and Arsen Artsruni created a clandestine intelligence organization "DRO" within the Security Council of the ARFD, which in reality represents armed band, members of which recruited people, trained them according to special programs, conferred them titles, established logistic bases, possessed apartments, caches and had nicknames.

The band included the following individuals — Armenak Mnjoyan and Armenak Zakaryan, Hovhannes Mkrtchyan, Armen Grigoryan, Ara Harmandaryan, Artavazd Manukyan, Zorayr Atabekyan, Edik Simonyan, Gegham Manukyan, Gevork Alaverdyan, Armen Aghayan and Tatul Gabrielyan. One of the aforementioned persons —Artavazd Manukyan — died during the investigation. Zorayr Atabekyan and Armen Aghayan are being tried in connection with the other case.

Investigation revealed that the band planned to carry out transportation and sale of drugs. This action had a code name "Hatsi gorts" ("Bread Affair"). Arsen Artsruni managed to transport 5 kg of heroin from Lebanon. Of these 5kg approximately 2,5 kg were sent to Moscow, where 830 gr were sold. The remaining part of drugs was seized by the Russian Federal Counterintelligence Service.

The band is accused of three murders. According to materials of the investigation the murder of Ashot Nersesyan and his wife Nune Marukyan was named "Kerob" case.

Ashot Nersesyan and Arsen Artsruni had a conflict and Arsen Artsruni together with Armenak Mnjoyan and Hrand Margaryan agreed on elaboration of a plan to kill Ashot Nersesyan.

On October 12 night, 1993 Mnjoyan, Zakaryan and Grigoryan entered Nersesyan's apartment under the pretext of selling an automobile. Manukyan, Simonyan and Atabekyan were watching them from a street. Under the plan Ashot Nersesyan should have come out with Mnjoyan, Zakaryan and Grigoryan, who should have taken him to a base, which belonged to "Artsruni" Society in Ayntap. Since Nersesyan refused to go out , the aforementioned individuals killed him just on

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the spot, and thereafter shot Nersesyan's wife Nune Marukyan, who entered the room. Altogether 11 shots were made.

In April 1994 the group planned murder of member of the ARFD Gagik Sahakyan "for subversive activities within the Party". The plan had a code name "TOP-1".

On May 2, 1994 at 10:30 pm Mnjoyan and Grigoryan firing 18 gunshots killed Gagik Sahakyan near the latter's house.

Late on September 19, 1994 Armenak Mnjoyan and Hovhannes Mkrtchyan being drunk, after visiting "Ararat" restaurant, quarreled with Arkadi Tunyan and Bagrat Mirakyan. Mnjoyan fired 8 gunshots, wounded both of them and then escaped with Mkrtchyan.

Some of the accused were indicted for participation in the armed band and forgery of documents:

Hrand Markaryan, a citizen of Iran (Article 72 of the Armenian Criminal Code — armed robbery; Article 99, part 4, point 8 — willful murder with aggravating circumstances; Article 213, point 3 — forgery of documents); Arsen Artsruni, a citizen of Lebanon, (Article 72; Article 99, part 4, point 8); Armenak Mnjoyan, a citizen of Armenia (Article 72, Articles 15-99, points 2,4,8 — attempt murder; Article 232, part 1 — illegal possession of arms, Article 213, point 3); Armenak Zakaryan, a citizen of Armenia, (Article 72; Article 99, part 4, point 8; Article 205, part 1 — misprision of felony); Armen Grigoryan, a citizen of Armenia (Article 72; Article 99, part 4, point 8); Hovhannes Mkrtichyan, a citizen of Armenia (Article 72; Article 99, part 4, point 8); Ara Harmandaryan, a citizen of Lebanon (Article 72); Edik Simonyan, a citizen of Armenia (Article 72; Article 99, part 4); Gegham Manukyan, a citizen of Armenia (Article 72); Gevork Alaverdyan, a citizen of Armenia (Article 72); Tatul Gabrielyan, a citizen of Armenia (Article 72). All the accused, except Tatul Gabrielyan, Gevork Alaverdyan and Edik Simonyan are members of the Armenian Revolutionary Federation — Dashnaktsutyun.

Azerbaijan

Armenia, Azerbaijan Exchange One Prisoner

NC1208191295 Baku TURAN in English
1259 GMT 12 Aug 95

[FBIS Transcribed Text] Baku /12.08.95/ TURAN — Yesterday Azerbaijan and Armenia exchanged one prisoner through the mediation of the IFRC [International Federation of Red Cross and red Crescent Committees]. Azerbaijani was kept in prison in Khankend [Stepanakert] and Armenian in Kazakh. Before the release each prisoner was individually examined by the delegates of the IFRC to know where to deliver them.

'Majority' of Detainees Said 'Political Prisoners'

NC1108190195 Baku TURAN in English
1322 GMT 11 Aug 95

[FBIS Transcribed Text] Baku/11.08.95/TURAN: On August 9 there was the session of Azerbaijan's Committee of Helsinki Civil Assembly. The information about situation in investigation wards of the country has been heard at the session. It had been noted all wards of the Ministries of Interior and National Security for 2,000 persons, while 5,000 prisoners are kept there. This is the reason for growing number of persons with infection, nephritic, heart and other diseases among the prisoners over the past time.

Only the relatives of the arrested bring them food, and they lack medical services. The majority of them are political prisoners, the National Committee of Helsinki Civil Assembly considers.

Social Democrat Party on Deteriorating Conditions

NC1108190295 Baku TURAN in English
1322 GMT 11 Aug 95

[FBIS Transcribed Text] Baku/11.08.95/TURAN— "The economic, political and military situation in Azerbaijan continues to deteriorate. Despite the official propaganda, no success has been achieved in home and foreign policy as well as military field. Any attempts of protest or dissatisfaction the authorities suppress by the strict anti-democratic methods. The censorship and prohibition for activities of political parties strengthen", the statement of the bureau of Azerbaijan's Social-Democratic party reads.

Another showing of such policy was groundless refusal of the Ministry of Justice to register the Social-Democratic party — one of the first political parties of Azerbaijan, the document reads.

Social Democratic Party Branch Chairman Arrested

NC1108190395 Baku TURAN in English
1322 GMT 11 Aug 95

[FBIS Transcribed Text] Baku/11.08.95/TURAN— August 6 the leader of Lenkoran's branch of Social-Democratic party, Seidaga Dadashev, was arrested in Lenkoran, the press-centre of the party reports.

August 7 the group of policemen came to Dadashev's house and held unwarranted search there. The members of his family assure the police attempted to plant hand grenade to the ward-robe.

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Five days have passed since he had been arrested, but the charge is yet to be brought against Dadashev, the press-centre of the Social-Democratic party reports. The same source assures the police beats him. The members of his family are not allowed to bring him food and medicines.

More Opposition Parties Refused Registration

LD1108164395 Moscow INTERFAX in English 1310 GMT 11 Aug 95

[FBIS Transcribed Text] BAKU, Aug 11 (INTERFAX) — The Azerbaijani Justice Ministry refused to register three more parties of the opposition Round Table bloc, Today's Turan, Popular Freedom and National Progress, officials of these parties told INTERFAX Friday.

The ministry rejected applications for registration by six other parties earlier in August, notably of the Popular Front of Azerbaijan, the largest opposition group. Consequently, these parties cannot take part in the November 12 general elections.

Fazil Mamedov, chief of the party registration board in the Justice Ministry, told INTERFAX that the founding documents of these parties were compiled in contravention of the law. In particular, some of the parties intended to engage in business activities.

The Round Table bloc believes that the authorities are trying to keep real opposition from taking part in the elections.

Popular Front officials told INTERFAX that if the authorities do not revise their decision, the front will appeal to the world's public. In particular, they said, the front leaders have already met with foreign diplomats in Baku.

The officials also said that the U.S. State Department has recently expressed concern over the official refusal to register the popular front.

Meanwhile, Araz Alizade, chairman of the opposition Social Democratic Party whose application was also rejected, told INTERFAX that the authorities had recently started separate talks with certain Round Table parties in order to split the opposition.

National Assembly Adopts Parliamentary Election Law

LD1208144595 Moscow ITAR-TASS World Service in Russian 1355 GMT 12 Aug 95

[By ITAR-TASS correspondents Sevindzh Abdulayeva and Viktor Shulman]

[FBIS Translated Text] Baku, 12 Aug (ITAR-TASS) — The National Assembly of Azerbaijan adopted a law on parliamentary elections today. Under this law, 125 deputies will represent the country's citizens in a single-chamber legislative body, with 80 percent to be elected in single-mandate constituencies and 20 percent according to party lists. The Assembly again approved Professor Jafar Veliyev as the chairman of the Central Electoral Committee — he has already fulfilled this duty twice — on the proposal of Azerbaijani President Geydar Aliyev.

According to the opposition leaders, none of their proposals were taken into account when drafting the law. They consider the adopted law to be undemocratic.

A roundtable discussion on issues related to the upcoming elections, with the participation of political parties, is under way in Baku. None of the parties has said anything about boycotting the elections.

Martial Law in Nagorno-Karabakh Extended

LD1308092595 Moscow Radio Rossii Network in Russian 0800 GMT 13 Aug 95

[FBIS Translated Text] Martial law in Nagorno-Karabakh has been extended until 1 January 1996, RIA Novosti has been told at the Nagorno-Karabakh Republic press and information department. The republic's parliament decided this by approving the relevant decree by the president of Nagorno-Karabakh.

Parliament Passes New Election Law

NC1308151895 Baku TURAN in English 2017 GMT 12 Aug 95

[FBIS Transcribed Text] Baku /12.08.95/ TURAN — Today the Milli Majlis continued clause by clause vote of new bill on elections submitted for the consideration by the Parliament by Azeri President. After long debates the deputies made amendments in the Articles 17 and 18. From now the latest the term of registration of political parties for participation in the elections was established 70 days before the elections (the previous option provided 90 days.) District electoral commissions will be formed on 30 percent from the representatives of parties taking part in the elections. The representatives of political parties offered to make 50 percent of electoral commissions non-party, of the employees of budget structures.

The proposal of the representatives of the opposition to cut amount of signatures necessary for participation in elections from 50,000 to 20,000 was not adopted during the vote.

The point on electoral security for the candidates at 25 minimum wages was adopted despite the objection of the opposition. The point, under which the candidates

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will be given 5 minutes and the parties participating at elections 45 minutes during the preelection campaign at Azeri television, was also approved.

Thus the parliament declined the most of the amendments of the opposition. That may cause the boycott of the forthcoming elections by the most part of the opposition.

"The law cannot be called democratic, but it is not so undemocratic to prevent the political parties to take part in the elections," said Chairman of the Azerbaijan Party of National Independence Etibar Mamedov, commenting on the debates on the law on election.

Georgia

Dispute With Abkhazia Reaches Third Anniversary

LD1408110495 Moscow INTERFAX in English 0954 GMT 14 Aug 95

[FBIS Transcribed Text] MOSCOW, August 14 (INTERFAX) — August 14 marks three years since the start of the Georgian-Abkhazi conflict, which has claimed some 10,000 lives.

Over the time of the battles that ended in September of 1993 with the capture by the Abkhazis of the cities of Sukhumi and Ochamchira, Abkhazia lost more than 1500 in killed and over 7000 in wounded. The Georgian side has reported the loss of over 8000 servicemen and civilians. Tbilisi estimates Georgia's refugees at about 300,000.

In May of 1992, Abkhazia restored the 1924 Constitution, putting relations with Georgia on a legal contractual footing. That displeased Tbilisi. Subsequent events aggravated the crisis between the two republics. As a result, on August 14, Tbilisi sent about 200 Georgian policemen to Abkhazia allegedly to protect a railway there. Later on, Georgian army units came in to back up the police.

The military actions, as a result of which the Abkhazis managed to regain the Georgian-held northern and southern parts of Abkhazia, Sukhumi included, ended in the middle of autumn in 1993. Then, Russian peacekeepers took entered Abkhazia in line with the ceasefire and forces disengagement agreement, signed on May 14, 1994.

Differences over future relations remain the stumbling block at the current talks between Abkhazia and Georgia. Sukhumi maintains that bilateral ties should rest on a confederative basis. Tbilisi insists on the federative structure of a single Georgian state. The two republics are also at odds over the terms of Georgian refugees return to Abkhazia.

Official Says Terrorism Threatening Elections

LD1408110595 Moscow INTERFAX in English 0954 GMT 14 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 14 (INTERFAX) — First Deputy of the Georgian Security Service Avtandil Ioseliani has said that ahead of parliamentary and presidential elections, due in the autumn, "certain destructive forces in Georgia" are gearing up for launching terrorist attacks.

Speaking in Tbilisi on Monday, however, he declined to point fingers.

"They (the forces — IF) are known to the security service and appropriate sanctions will be imposed against them," said Ioseliani.

Shevardnadze Urges Unity Against 'Reactionary Forces'

LD1308161595 Moscow ITAR-TASS in English 1439 GMT 13 Aug 95

[By Tengiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, August 13 (ITAR-TASS) — Georgian leader Eduard Shevardnadze urged democrats of Georgia to unite in order to keep reactionary forces away from a new parliament.

In an interview with Georgian television on Sunday, Shevardnadze did not specify what he meant by "those who have become rich with the help of arms, robberies and assaults" and used instead the phrase "reactionary forces."

Georgia is due to hold parliamentary and presidential elections on November 5, 1995.

Parliamentarian Outlines Presidency Guidelines

LD1108125895 Moscow INTERFAX in English 0952 GMT 11 Aug 95

[FBIS Transcribed Text] TBILISI, Aug 11 (INTERFAX) — The Georgian President shall be elected by popular vote for a term of five years, and parliament shall hold a 4-year mandate, the Georgian legislature decided late Thursday evening.

Under Georgia's new Constitution, the President shall serve no more than two consecutive terms in office. To be eligible for presidency, a person must turn 35.

To win a presidential nomination, a person must be supported by 50,000 voters. A nomination shall be valid if the nominee has spent at least 15 years in Georgia.

A person wins the presidential mandate if at least 20% of voters have supported his candidacy.

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Discussion of the draft Constitution was to have closed on August 10. The lawmakers extended, for an indefinitely long period, the discussion deadline.

Tbilisi-based analysts feel that the draft enjoys necessary support in parliament.

Friday afternoon the Georgian lawmakers will be expected to continue discussing the articles on the President's powers in the formation of a national cabinet and the functions enjoyed by the Vice-President and Secretary of State.

Constitutional Article on Presidency Approved

LD1308090595 Tbilisi SAKINFORM in Russian 1900 GMT 12 Aug 95

[FBIS Translated Text] At its sitting on 11 August, the Georgian Parliament continued to consider a draft constitution of the Republic of Georgia, specifically, paragraphs determining the formation of the power structures and their relationship. The deputies adopted in full Article 5 of the draft constitution — on the position of president of the Republic of Georgia.

Foreign, Internal Debts Exceed $1 Billion

LD1108164495 Tbilisi IPRINDA in Russian 1150 GMT 11 Aug 95

[FBIS Translated Text] Tbilisi, 11 Aug — Banking experts from the Egyptian Foreign Ministry's Fund for Technical Cooperation with the CIS Countries held a news conference in Tbilisi today. They told the journalists that during their month-long stay in Georgia they had examined the current situation in the banking system and had meetings with representatives of some private banks, including Tbilkombank, Absulutbank, and others. Detailed recommendations have been drawn up on how to rule out errors in the banking system. Certain work has been carried out in the Finance Ministry, as well.

According to Jemal Chkhikvadze, the head of the Department of Foreign Debt and Credits of the Georgian Finance Ministry, who also participated in the news conference, Georgia's foreign and internal debts exceed $1 billion.

Parliament Extends Discussion on Constitution

LD1308090195 Tbilisi SAKINFORM in Russian 1900 GMT 12 Aug 95

[FBIS Translated Text] The Georgian Parliament has resolved to extend until 16 August discussions on the fundamental law [constitution] of the Georgian state at its extraordinary session. Accordingly, the adoption of the law on elections has been postponed to 17 August. According to Eduard Shevardnadze, chairman of the Georgian parliament and head of state, the resolution has been facilitated by positive trends that can be observed in the discussions over the constitution.

This is a final attempt to have the constitution adopted by the parliament and hold elections on its basis without holding a referendum, Shevardnadze said.

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Estonia

Lithuanian Prime Minister Arrives, Talks Begin

LD1108163495 Tallinn Radio Tallinn Network in Estonian 1300 GMT 11 Aug 95

[FBIS Translated Text] Lithuanian Prime Minister Adolfas Slezevicius has arrived in Estonia with his wife and daughter for a private and working visit. The Lithuanian prime minister arrived in Tallinn at 1330, on a special plane. At 1400 official talks between the Estonian and Lithuanian delegations opened in Toompea Palace [seat of both government and parliament].

In addition to Prime minister Tiit Vahi, the Estonian delegation includes Foreign Minister Riivo Sinijarv; Tago Holsting, an adviser at the Foreign Ministry's administration office; Priit Kolbre, the Foreign Ministry's deputy chancellor, and others. The Lithuanian prime minister is accompanied by a seven-strong delegation.

Customs, Trade Issues Discussed

LD1208100195 Tallinn Radio Tallinn Network in Estonian 1700 GMT 11 Aug 95

[FBIS Translated Excerpt] Lithuanian Prime Minister Adolfas Slezevicius arrived in Estonia today and met with his Estonian counterpart, Tiit Vahi. Here is Koit Luus with the details.

[Luus] According to Tiit Vahi, experts are due to complete an agreement on the protection of investments this month, and it might be signed next month. In respect of an agreement on cooperation on social guarantees, another round of talks will take place in Tallinn in September. The prime ministers think that this agreement will also be signed after a couple of rounds of talks.

The border issue was discussed substantially. Here is Tiit Vahi.

[Begin Vahi recording] We discussed customs documentation very thoroughly. I am pleased that a transit agreement is also being drafted; that is bound to regulate both transit and trade and tidy up matters to do with customs and the customs duty, first and foremost. [passage omitted] [end recording]

[Luus] Lithuanian Prime Minister Adolfas Slezevicius also emphasized that Estonian-Lithuanian relations are developing quite successfully.

The Lithuanian prime minister thinks the most important issue is that of ensuring security on the Estonian and Lithuanian eastern borders. Close cooperation is planned here, both between the two countries and with Latvia. [passage omitted]

The Lithuanian prime minister also dwelled on the issue of the Lithuanian-Polish border. As he says, Lithuania has invested $5 million to increase the capacity of the border posts, and he hopes that as early as in September the border posts' capacity will double. However, not everything depends on the will of one side. Unfortunately, there are still misunderstandings with Poland, Adolfas Slezevicius said. [passage omitted]

According to Tiit Vahi, one cannot seriously discuss a customs union before the principles of free-trade are implemented.

[Begin Vahi recording] At the moment, the free-trade agreement works as far as manufactured goods are concerned, as we noted today. No agreement along the principles of free trade has been reached in respect of farm produce. [passage omitted]

During our present talks we dealt with, in principle, the following: the standardization of customs documentation; second, the guaranteeing of bonded goods; third, the use of modern customs equipment and computerization, down to the use of joint computer programs. [end recording]

Oovel, Kosmo Sign Defense Cooperation Agreement

LD1108162395 Tallinn Radio Tallinn Network in Estonian 1200 GMT 11 Aug 95

[FBIS Translated Text] Estonia and Norway are developing their cooperation in defense matters. Here is Juhan Virkus with the details.

[Begin recording] [Virkus] Today at noon in the town hall in Parnu, Norwegian Defense Minister Jorgen Kosmo and Estonian Defense Minister Andrus Oovel signed an agreement on defense cooperation and contacts between the Defense Ministries of the Kingdom of Norway and the Republic of Estonia. What does this agreement contain, Mr. Minister?

[Oovel] The agreement is first and foremost a basic agreement that will guarantee consistent cooperation between the two countries in developing state defense. The agreement will be followed by a memorandum on mutual understanding and we have prior agreement that we will handle our cooperation within the defense forces, first and foremost by providing opportunities to defense forces officers for further training.

We are learning from Norwegian experience in the building of naval structures. We are resolving problems with the training of naval officers and in shaping a naval system for the rear. We have also raised the issue of cooperation between the Kaitseliit [defense league, Estonian voluntary organization] and the Norwegian

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home guard, with prime attention going to the training of infantry officers in the areas of antitank, air defense, and communications systems.

[Virkus] As is known, Norway has been a NATO member for 50 years already. Mr. Minister, is the agreement signed today also a sign of Estonia's increasing cooperation with NATO structures?

[Kosmo, in English fading into Estonian translation] This is first of all an agreement for cooperation in defense matters between Estonia and Norway. This depends first and foremost on the future cooperation between Estonian and Norwegian Governments. For the time being cooperation with NATO will take place within the framework of the Partnership for Peace program.

[Virkus] In the course of two days now you have been meeting leaders of the Estonian Defense Ministry and defense forces. What is your impression of those meetings?

[Kosmo, in English fading into Estonian translation] I am impressed with the work that they have done so far. They have a good prospective for the work. The building up of the defense forces being carried out by the people and [word indistinct] left a very good impression. [end recording]

Latvia

Supporters of Rubiks Stage Protest March

WS1008141995 Riga LETA in English 1028 GMT 10 Aug 95

[FBIS Transcribed Text] Riga, August 1O LETA — Late Wednesday [9 August] afternoon over a thousand persons marched to the Central jail in Riga to express their support for Alfreds Rubiks. Mr. Rubiks, the first secretary of the defunct Latvian Communist Party's Central Committee, was recently sentenced to an eight year jail term for trying to overthrow the legal government of Latvia by force. The protest action was organized by the Socialist Party and the political movement Lidztiesiba (Equal Rights).

Most of the marchers were elderly former associates of Mr. Rubiks in the Communist Party, retirees, and veterans of the Soviet army residing in Latvia. The march, which had the approval of the city authorities, started with a mass meeting at the 19O5 Park and ended without incidents at the Central Jail.

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